

The NATIONAL UNDERWRITER

Life Insurance

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Savings Bank Life Insurance Is Not Competition for Acacia Representatives

Because—

Under the low premium principle adopted by Acacia in 1926, its rates are lower in most cases than those of New York Savings Bank life insurance and in many cases than those of the Massachusetts Savings Bank insurance.

Savings Bank life insurance is not sold by agents, the theory being if the agent is eliminated the insurance can be sold at lower rates.

The Acacia Plan proves it is possible to have the agency system; give the policyholder the service he needs, and at the same time give him his insurance at rates lower in many cases than those of Savings Bank life insurance.

Acacia Believes in the Agency System—

IT BELIEVES that the desire created by the agent is almost entirely responsible for the large amount of life insurance in force with its untold benefits to our American homes.

IT BELIEVES that the man who wants to provide financial protection for those he holds most dear, or for himself, needs the expert advice and professional service of qualified agents to help him plan his program and select the policy that will best suit his needs.

In addition to its low rates Acacia returns to its policyholders the savings from economical management, wise investments and better-than-average mortality.

Acacia Agents Are Partners—

Under the Acacia Agency Plan the agent's earnings are cumulative. He has a continuous interest in the policies he writes because he receives a monthly income which increases in proportion to the business he keeps in force.

Progress of Acacia Under Its Low Premium System

	Dec. 31, 1926	Dec. 31, 1938	Per Cent of Increase
Insurance In Force	\$226,276,746..	\$401,348,843..	77.37
Assets	\$ 19,067,908..	\$ 79,687,616..	317.91
Surplus	1,186,582..	3,000,846..	152.90
Paid to Policy- holders and Beneficiaries . . .	(In 1926) 1,884,540..	(In 1938) 5,590,902..	196.67

ACACIA Mutual Life Insurance Company

William Montgomery, President

Branches in 60 Cities—Representatives in 100

Home Office: Acacia Building, Washington, D. C.

FRIDAY, NOVEMBER 10, 1939



Why do young, unmarried men own Life Insurance?



THE NEED "Why did I buy life insurance? Well... first, because I wasn't saving any money. Usually I spent it as fast as I made it. Now and then I saved up for something I wanted to buy. But of course that didn't get me anywhere. What I needed was a long-range plan. And my life insurance policy gives me that, because I have to save money for the premiums regularly.

"But that wasn't all. My mother has done a lot for me and I wanted to do something for her. So I named her the beneficiary of my policy. Of course, some day I suppose I'll get married. And when I meet the right girl I believe she will have enough common-sense to know that a life insurance policy means a lot more than a carload of orchids.

"Another thing. Some day I may want to go into business for myself, and have to borrow money. I understand that in passing on a loan some banks ask whether you own any life insurance; and I have heard

that when you apply to some of the big corporations for a job they ask the same question. So, I figure that some day my policy may help me to get ahead in business or to land a better job. Any way you look at it, I think it's a good thing.

THE POLICY "Of course I hardly knew one life insurance policy from another. But when a New York Life agent called I talked things over with him. He explained the benefits and the premiums, dividends, loan values, and so on. He said that young men usually took an Ordinary Life policy, or Limited Payment Life or a Long-Term Endowment. After he had asked me a number of questions and gone over my situation thoroughly, he recommended an Ordinary Life policy for \$5,000 because it gives more permanent protection per dollar of premium than any other life insurance policy.

"Well, \$5,000 seemed like a lot for me, and at first

I didn't think I could handle it. But I found that the premium at my age would be about \$100 a year, and I knew I could save that much if I tried. So, that's what I'm doing. And I'm going to leave all my dividends with the Company, because if I do this, my policy some day should be worth \$5,000 to me in cash.

"One more thing. Every year you wait, your premium rate goes up. So I am glad I took my policy when I did... Yes, I feel that the New York Life agent did me a good turn."

THE COMPANY Young people under age 30 bought approximately \$190,000,000 of life insurance last year in the New York Life Insurance Company. Many of these policies were taken by young men whose fathers also were policyholders in this Company. The New York Life has insured the lives of succeeding generations of American citizens since it was founded as a mutual company more than ninety-four years ago on April 12, 1845.

Throughout those years the New York Life has weathered every panic, war and epidemic... and has met every obligation it assumed. The Company is in a strong financial position, and its insurance and annuity reserves are on the most conservative basis used by American life insurance companies.

In view of the Company's past record and present strength, a New York Life policy should be one of the best investments which any young man could make.

NEW YORK LIFE

INSURANCE COMPANY



A Mutual Company Founded on April 12, 1845

THOMAS A. BUCKNER, *Chairman of the Board*

51 Madison Avenue, New York, N. Y.

ALFRED L. AIKEN, *President*

Safety is always the first consideration Nothing else is so important

THE NATIONAL UNDERWRITER Life Insurance Edition. Published weekly by The National Underwriter Company. Office of publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. Forty-third year. No. 45. Friday, November 10, 1939. \$3.00 per year, 15 cents per copy. Entered as second class matter, June 9, 1900, at the post office at Chicago, Ill., under act of March 3, 1879.

The NATIONAL UNDERWRITER

Forty-third Year—No. 45

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, NOVEMBER 10, 1939

\$3.00 Per Year, 15 Cents a Copy

Suits in New York Are Recovering Counsellors' Fees

**Policyholders Gratified at
Very Potent Remedy
Against Faulty Advice**

NEW YORK—What promises to be a smashing blow at objectionable features of insurance counsellors' methods has already demonstrated close to a 100 percent batting average and will shortly swing into action on a much broader scale. This development is that resentful policyholders are bringing civil suits to recover fees paid. Several hundred such cases are now in course of preparation in Manhattan alone and the number is growing rapidly, as these insured discover that there is a highly effective way of getting a refund of fees paid for advice later discovered to be worthless or even detrimental and which they rejected as soon as they discovered all the material facts.

Some cases have been brought through the small claims court in New York City, where suits involving up to \$50 can be prosecuted at a total cost of \$1.25, the plaintiff acting as his own attorney. Others are handled by law firms. Until recently policyholders who felt they had been victimized felt they had no course open but swallow their anger and charge the fee to experience, though, being in the industrial category, most of them could ill afford to do so.

Larger Than Average Fees

The litigants in the cases soon to be tried represent those who have paid considerably larger than average fees to the counsellors, since the others who felt duped felt the matter to be too small to be worth complaining about. Also, the litigants represent only the more tenacious element, since others, even with similar amounts at stake, believed that the chance of a refund was so small as not to justify carrying the matter to any length.

That it is possible to make clear to the courts what the fee counsellors do is illustrated by a case against Donald Besdine, who does business as the Policyholders Adjustment Bureau and is rated as second in prominence only to Morris H. Siegel, who with his brother operates the Policyholders Advisory Council. This was a case in the small claims court. H. C. Glone, official referee, in giving his opinion, said:

Hits Value of Service

"Defendant's attempt to show value of his advice, irrespective of the agreement, is expressed in such unsound reasoning and surrounded in so many hypothetical and contingent situations that I am satisfied no one unfamiliar with insurance matters, much less this plaintiff who speaks and understands English imperfectly, could possibly comprehend. The

(CONTINUED ON LAST PAGE)

Business Is Better Prepared for Future

**Sales for Decade Down, 15
Percent Fewer Salesmen,
Holcombe Reports**

During the year now drawing to a close, ordinary life sales are 58 percent of the total in 1929 and there is now 2 percent more business in force, John Marshall Holcombe, Jr., manager Sales Research Bureau, said in summing up the annual meeting of the Research Bureau-Agency Officers in Chicago. There are 15 percent fewer agents today than 10 years ago, so 85 percent are selling 58 percent of the business that was being sold 10 years ago. Ten years ago the Research Bureau meeting was held nine days after the market crash and stock market results vied with the program for the attention of those in attendance.

During the past 10 years the business has created better tools to assist in the distribution of life insurance and the present problem is the better use of these tools, Mr. Holcombe declared. The depression has eliminated all traces of complacency and today open mindedness permeates the consideration of agency management problems. Better standards are now being used to measure progress which was formerly judged by new business only. Now the insurance in force, persistency and success of agents in making a living are being recognized as progress factors. The business is giving more recognition to the need for studying plans for compensating agents. The question is being raised on whether the companies are really paying for what they want. Plans are being put into motion to get better results in the distribution of life insurance and they will be successful if pursued persistently.

Evolution is never visible to the naked eye, Mr. Holcombe pointed out, and changes must necessarily be seen only in retrospect. It is impossible now to judge whether present conditions are only difficult or whether they are really critical. He stressed the need for recognizing changing environment. The ability to adjust oneself to changes is characteristic of this country's development.

The scope of the agency executive's work has been broadened and he is no longer considered a department manager, as his functions cover most of the activities of the company. Mr. Holcombe urged executives to keep an open minded attitude and not to permit some pressing problem to distort their valuation of the greatness of life insurance. He urged them to renew their vision regarding life insurance and what it proposes to do, and to attack the problem of how life insurance can better serve the public.

An attempt was made to provoke discussion following a talk by O. J. Arnold, president Northwestern National Life, on his company's new agents compensation plan. S. E. Mooers, secretary of the Acacia Mutual Life, took the rostrum and propounded several questions which he had written out in advance. They were quite lengthy and intricate so Mr. Arnold did not attempt to take the

Seeks to Liquidate American Bankers

**Illinois Department Has
Started Suit Against
Jacksonville Company**

SPRINGFIELD, ILL.—The Illinois insurance department started proceedings this week in the Morgan county circuit court to liquidate the American Bankers of Jacksonville. Director Ernest Palmer filed a petition for liquidation and asked that the company be required to show cause why it should not be placed in liquidation. Judge Hemphill of Carlinville set next Monday afternoon as the time for a further hearing and for the company to make answer.

According to a recent examination, the policy reserves were found to be impaired to the extent of \$709,000 and the company's capital of \$100,000 entirely wiped out, making the total insolvency \$809,000. As of Dec. 31, the company showed assets \$4,787,463, capital \$100,000, net surplus \$121,156 and contingency reserve \$150,000. It had \$10,920,672 ordinary life insurance in force and \$8,858,792 industrial.

It was formed in 1925 as the result of a combination of the Clover Leaf Life & Casualty of Jacksonville, Ill., and the American Bankers of Chicago. An examination of June 30, 1936, showed an impairment of \$247,514 but this was overcome by transferring \$150,000 of capital to surplus and by contribution to surplus.

In 1934, the American Bankers asked policyholders to accept a voluntary lien of 50 percent of the reserve against their industrial policies. As of Dec. 31, liens of this kind amounted to \$1,159,697. The insurance department contested this practice but the company was upheld by the Illinois supreme court. Its new ordinary business written last year was \$207,255 and industrial \$4,705,064. The total income last year was \$722,984 including \$204,166 renewal ordinary premiums and \$268,412 industrial. The new premiums were \$1,495. The disbursements were \$825,459.

In January, 1929, the American Bankers sold the controlling interest in the Midland Casualty of Milwaukee, which it owned. In July, 1931, it reinsured the Citizens National Life on an exchange of stock basis. At one time it wrote considerable industrial accident and health but discontinued this line.

C. Y. Rowe is president; R. Y. Rowe, vice-president and secretary; E. R. Franklin, treasurer; R. G. Stacy, actuary.

time to make an off-hand answer. Mr. Mooers raised the question of considering general business trends in forecasting persistency rates used in determining compensation. He also brought out the point that some provision should be made for abnormal years when persistency might vary considerably as the result of unusual circumstances. Mr. Mooers felt that there might be some need for guaranteeing the agent against too frequent adjustment in his compensation formula, as otherwise he might not be able to predict his income with any degree of accuracy.

Commissioners Card for Winter Meeting Is Now Announced

**Large Attendance Is
Expected at the Gathering
at Biloxi**

OKLAHOMA CITY—In releasing tentative program for midwinter meeting of National Association of Insurance Commissioners at Edgewater Gulf Hotel, Biloxi, Miss., Dec. 6-9, Jess G. Read, secretary, stated that the attendance will be larger than the usual December meeting of the past. This estimate is based on inquiries received at his office, reservations already made, and the more than ordinary class of the program for this year's meeting.

While the program is not complete as to all details such as designating certain rooms for committee meetings, exact hours for committee meetings, etc., in the main it calls for the appearance of the governor of the host state, the president of the National Association of Insurance Agents, president of the National Association of Life Underwriters and other celebrities of national reputation.

Hotel Accommodations Ample

The past week Secretary Read wrote all commissioners, the superintendents of the Canadian Provinces and the Commissioner of Mexico, giving information as to transportation, urging all to attend and to make early reservations. Mr. Read also gives assurance of ample hotel accommodations. The headquarters hotel has 16 parlor suites and 340 guest rooms which will take care of not only the commissioners, but the "third house." There are plenty of other good hotels in the immediate vicinity.

Secretary Read and the host commissioner, John Sharp Williams of Mississippi, who is chairman of the executive committee, expect to reach Biloxi two or three days ahead in order to work out any last minute details which might need attention.

The executive committee is scheduled to meet at 2 p. m. Dec. 6, followed by a meeting of the "Mortality Table" committee. The tentative program as released here by Secretary Read is as follows:

Wednesday, Dec. 6

2 p. m.—Meeting of executive committee, to be followed by meeting of committee on mortality table.

7 p. m.—Old plantation dinner. Dancing.

Thursday, Dec. 7

Meeting called to order, C. C. Neslin, Utah, president.

Welcome to Mississippi, Hugh L. White, governor.

Response, John C. Blackall, vice-president, Connecticut.

Address, "The American Agency System," Sidney O. Smith, Gainesville, Ga.,

(CONTINUED ON LAST PAGE)

Actuaries Ponder Effect of War on Insurance

C. F. B. Richardson Analyzes War Risk Rider Problems in Cincinnati Talk

That the margins under present participating rates may be regarded as ample to meet any losses that can at present be foreseen should this country be brought into the war was asserted by C. F. B. Richardson of Union Central Life in an address given at a recent meeting of the Cincinnati Actuarial Club.

The dividends on ordinary life of 17 large American companies at age 25, duration five, vary from \$3.41 to \$6.16 per thousand, the average being \$4.46 per thousand, he said. As regards business in force at outbreak of war, an investigation disclosed that the cost of war losses in the world war was about \$1.50 per thousand.

As far as non-participating business is concerned, a large contingency reserve is essential for safety, according to Mr. Richardson. Investigation indicates the necessity of a reserve of roughly 2 percent of the liabilities in a company with a mature portfolio of business having an average reserve of \$300 per thousand. Incidentally Mr. Richardson said he believes the trend of the future will be more and more towards low participating rates on the scale of the so-called preferred risk rates employed by many companies today.

War Risk Clauses

Mr. Richardson reviewed the war clauses being applied in England and Canada and he traced some of the developments in this country.

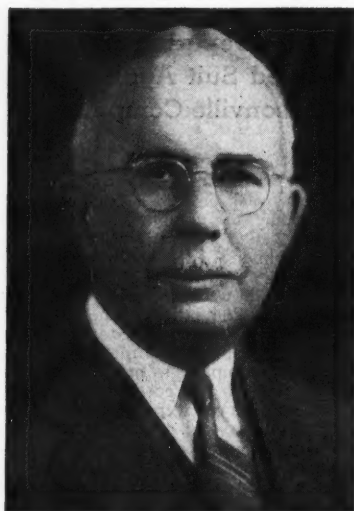
Mr. Richardson mentioned the statement issued by the life committee of the National Association of Insurance Commissioners to the effect that war clauses may, within statutory limits, restrict benefits to persons who may serve in the military, naval or air forces of any foreign country at war, or who may serve in civilian units, auxiliary to the armed forces of any foreign country at war, and to those who may travel within geographic units described in the policy.

(CONTINUED ON PAGE 14)

American Institute Discussion Concerns Clauses and Interest Rates

Effect of the war on interest rates and on underwriting practices constituted a topic for animated discussion at the meeting of the American Institute of Actuaries in Chicago.

Percy Evans, actuary of Northwestern Mutual, said he is inclined to dis-



PERCY EVANS

count war as a potent single factor upon interest rates. He recalled that in 1900 the interest rates hit bottom. Then they increased until 1922 when they leveled off and declined in increasing rapidity in recent years. In 1914 the yield of Northwestern Mutual was 4.85. In 1922 it was 5.34 and in 1929 it was 5.02. He said that he doubts whether the war had any very marked effect on interest rates in the period 1914-1918. There were a lot of other conditions that stimulated interest rates such as the development of automobile manufacturing.

Most of the financial men feel that

the bottom has been reached insofar as interest rates are concerned. Even if there should be a heavy war, that, he predicted, would not increase interest rates as a single effect. There are contrary effects to take into consideration such as the increase in public debt, the pool of potential credit that exists, the increased taxation. The federal government is determined to keep the service cost of the present debt down.

Business men assume that they are benefited by low interest rates, but Mr. Evans said he doubts the soundness of that opinion. For one thing low interest rates open the way to competition.

The life insurance viewpoint, he declared, is an example of loose thinking. Most life insurance men believe that high interest rates are much to be desired. It is true that such high rates do reduce the cost of insurance but the institution should prefer stability in rates. It is better to have a modest rate of interest that is stable. High rates always drop and cause unpleasant repercussions for participating companies. The policyholder will accept a \$1 increase in dividends as a matter of course but if the dividend is cut 10 cents he squawks, Mr. Evans remarked.

Sees Broader Base

The topic, Mr. Evans said, has a broader base than the fluctuations in interest rates.

Social security, he declared, is something that people have always been reaching for and struggling for. There are two essential approaches to social security. One is comparable to the old feudal system of trading liberty and the ability to live in social freedom for what is believed to be social security.

The other approach is by way of creation of wealth through abstinence. This approach is represented by the marvelous growth of life insurance, he pointed out. The approach, however, cannot be pursued beyond certain limits. What those limits may be is impossible to say. The business proceeds on the theory that there will always be a sufficient degree of expansion, so that there will always be investment outlets for the accumulations, but Mr. Evans declared that it may be that the assumption is erroneous that the nation can continue abstinence without limit.

Advices Caution as to War Clauses

Mr. Evans said that Northwestern Mutual has not adopted any form of war risk exclusion clause and does not contemplate doing so at present. The experience of 1914-17 doesn't seem to

Canadians' English Offices Apparently Well Hidden

There is a touch of humor in the fact that Canadian life companies with branches in England have set up emergency offices which apparently are well camouflaged from enemy bombers. At least their addresses would seem to indicate they have picked out picturesque locations in the country. One can reach the Manufacturers Life at "The House in the Woods, Hindhead," while the Imperial Life seems well hidden in "The Thicket, Walton-on-Thames, Surrey."

indicate that taking any action is a necessary emergency at present.

Northwestern Mutual did get out a clause after the United States entered the war but this was prompted more by the Mexican border trouble. He expressed the belief that it would not be wise for the American life companies to be too quick to adopt war clauses.

Northwestern Mutual does receive some applications that suggest the possibility of a war hazard. That is an underwriting problem, he declared. It has presented no particular problems for Northwestern Mutual, however.

W. O. Menge, Lincoln National, pointed out that the occurrence of war is irregular and unpredictable. The hazard is one that an insurance company should take into consideration. War makes life precarious, but differences in degree exist. There are a number of factors to take into consideration including the causal connection between the war and death, time, place and occupation.

Cause Not Easy to Fix

In phrasing a war risk exclusion, reference to a causal connection may be insufficient, because it is not always easy to determine whether death was caused by the war. Even in using the embrace phrase, death "caused directly or indirectly by warlike operations" may be unsatisfactory, because, for instance, the question is left open as to whether disease may be indirectly due to warlike operations.

He cited some legal decisions growing out of the war clauses in the days of 1917 which employed the phrase

(CONTINUED ON PAGE 15)

New Officers Elected at Research Bureau Agency Officers Meeting



H. T. BURNETT

H. T. Burnett, agency vice-president of Reliance Life, is the new chairman of the executive committee of the Sales Research Bureau. Vincent Coffin, second vice-president of Connecticut Mutual, is chairman of the directors, and



A. B. OLSON

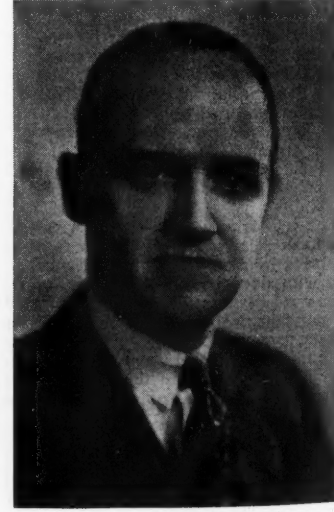
A. B. Olson, vice-president of Guarantee Mutual, is vice-chairman.

These selections were made by the directors at a session following the joint convention of the bureau and the Life Agency Officers at Chicago.



VINCENT COFFIN

In addition to Mr. Burnett, the executive committee consists of R. E. Irish, president of Union Mutual Life; Jerome Clark, vice-president of Union Central Life; W. S. Penny, director of agencies Sun Life, and Mr. Coffin.



F. H. HAVILAND

F. H. Haviland, vice-president of Connecticut General, is the new vice-chairman of the directors of the Association of Life Agency Officers. With these men at the helm, it is expected that the two groups will continue to forge ahead.

Indignation Runs High Against TNEC Inquiry

Agency Questionnaire Caused Solidification of Sentiment

Recent developments in the TNEC investigation, particularly the recent questionnaire on agency practices, are producing among insurance executives a spirit of rage. At recent insurance gatherings, the subject has been the main topic of conversation informally and hundreds of indignation gatherings have been held in hotel lobbies and rooms.

When the investigation was started there was a certain feeling of uneasiness lest it turn into a smear campaign against the business but most of the conservative leaders counselled a cooperative attitude and expressed the opinion that a properly conducted investigation could do no harm; that the business should be grateful if any defects were exposed so that prompt remedial measures might be taken.

However, that spirit of tolerance has very largely disappeared as a result of the way the investigation has been conducted and some of the most important men in the business are now taking the platform to denounce the inquisition. The first man to speak his mind in open meeting was L. A. Lincoln, president of Metropolitan Life, who made a sensational talk at the meeting of the American Life Convention. Now T. I. Parkinson, president of Equitable Society, is speaking out against the "reckless" men that are conducting the inquiry.

The thing that has solidified sentiment and angered pretty nearly the entire business is the questionnaire on agency practices. This is an extensive interrogatory. Many of the questions are not easily answered, because the records are not kept in such a way that the information can be extracted. A great deal of research will have to be undertaken by the companies to complete the questionnaire.

One observer remarked that if the companies did keep their records in such a way as to be able to produce the answers that are sought, the cost of doing a life insurance business would be enormously increased. The president of another company said that if every clerk in his office should be assigned to the task of getting up the desired information the work could not be completed by the December deadline that has been set.

The questionnaire that was actually sent out, it is understood, is a third draft. The earlier drafts that the SEC intended to send out, it is understood, were vastly more complicated and extensive.

Some of the company leaders, in their present heated state of mind, are advocating that the business as a whole defy the SEC in connection with this questionnaire, refuse to complete it and if contempt proceedings are started, to defend themselves on the ground that the committee is far exceeding its authority, which was limited by resolution to exploring monopolistic phases. Unless something else happens, however further to increase the blood pressure of insurance executives, it is likely that such a movement will not develop at least on a significant scale. The more conservative leaders are still opposed to taking any action that would antagonize the inquisitors.

Average N. Y. Bank Policy Is \$831

Insurance in force of the New York savings banks as at Sept. 30 exceeded \$5,500,000 represented by 6,699 policies, C. B. Plantz reported at the convention of the Savings Bank Association of New York at Hot Springs, Va. Forty-seven percent of the purchasers, he said, had no other insurance while 25 percent more had only one weekly payment policy. About 78 percent have applied for policies in the amount of \$1,000. The average policy is \$831. The limit that may be issued is \$3,000. Less than 10 percent of the policyholders were depositors of the bank where they applied for insurance. Thus the insurance facility has brought many new persons to the banks and Mr. Plantz predicted that the banks can eventually convert these persons into customers in the regular banking department. The average life insurance savings account is \$70.

Notes Pleasant Relationship

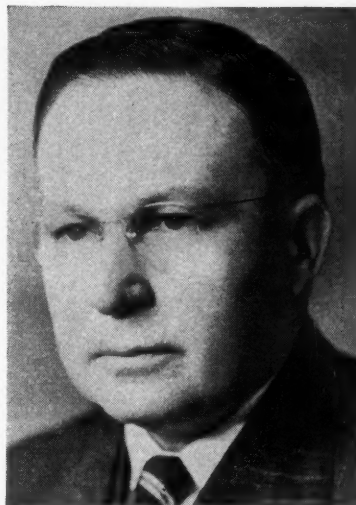
Mr. Plantz said the banks and the insurance agents and companies are getting along amicably. The \$3,000 limitation is regarded by agents as removing savings banks as serious competitive threats.

The banks have had three death losses amounting to \$5,500. Premium collections were \$106,000 and Mr. Plantz estimated that the guaranty funds at the end of the year would stand at approximately \$175,000.

MASS. SAVINGS BANK ADDITIONS

BOSTON — Issuing institutions for savings bank life insurance in Massachusetts have been increased to 28 by the addition of the Institution for Savings in Roxbury and the Greenfield Savings Bank. There are also 101 savings banks acting as agencies for savings bank life insurance.

Now in Office



MORVIN DUEL

Morvin Duel, the new insurance commissioner of Wisconsin, is a former state senator and also a local agent at Fond du Lac. He is highly regarded by all and is well fitted for his new post.

Provost on Louisiana Commission

Governor Long of Louisiana has appointed Arthur Provost of New Iberia to the Louisiana insurance commission to succeed L. W. Cajan, whose term has expired.

Edwin Bond, 65, veteran manager of the Detroit branch of the Metropolitan Life in the Park Avenue building, died there. He had been with Metropolitan Life 40 years.

Actuaries Praise Mortality Table Committee Report

Endorse Suggestion of New Committee to Study Surrender Values

High praise was accorded the report of the committee on the mortality table of the National Association of Insurance Commissioners at the meeting of the American Institute of Actuaries in Chicago. Some of those who participated in the discussion made incidental criticisms but on the whole the comment was decidedly favorable.

The discussion was opened by C. A. Taylor, Life of Virginia, who represented the Institute on the commissioners' committee. He spoke highly of A. N. Guertin of the New Jersey department, chairman of the committee, and said that all of the members were very fair in their attitude. The report covers 180 pages and Mr. Taylor read certain excerpts including the conclusion of the committee that the charge is unfounded that the companies derive an unconscionable profit from the use of the American experience table.

Surrender Value Problem

The most difficult problem encountered by the committee was in connection with surrender values, because the use of a new, modern table, with its lesser mortality assumptions would produce higher reserves and higher surrender values. The committee recommended that another committee be appointed by the commissioners association to study the matter of surrender values in detail.

V. R. Smith, Confederation Life, said there is no advantage in maintaining maximum reserves and a minimum surplus. Such a practice ties the hands of the companies. The reserve is really a test of solvency, he declared, and nothing more, and the companies should keep their funds as free as possible and nothing for time of storm. He said the companies should undervalue their assets whenever possible and overvalue their liabilities such as outstanding taxes, expenses, and should undervalue outstanding and overdue premiums.

Bruce Shepherd, Life Presidents Association, referred to that portion of the report in which it was stated that the state, in setting up mortality tables as legal valuation standards, has certain objectives, including the establishment of premiums that are reasonable and providing for reasonable nonforfeiture values. That is an erroneous principle, according to Mr. Shepherd. The two subjects should be covered independently.

Incidental Part of Contract

They should be covered independently of any valuation standard. In tying up the definition of surrender values to reserve standards, the laws have the effect at some points of artificially affecting the size of the premium that has to be charged. It forces the company to take account of surrender values in the calculation of premiums. The surrender charge should be an incidental part of the contract.

The statutes also affect the deficiency reserve law. This is an artificiality that should be removed, he declared. Deficiency reserve laws are in the nature of penalty statutes.

The New York law is desirable, he said. It provides that no company may issue insurance which shall not appear to be self supporting on reasonable assumptions. Mr. Shepherd said he is

(CONTINUED ON PAGE 13)

WHEN IS A CONTACT?

One of our Oklahoma underwriters one evening ordered a package from a drug store. It was raining when the delivery boy arrived, so he was invited inside to wait out the shower. Chatting casually, the underwriter learned that the boy's older brother worked in town for an optical company, and noted down the name.

The name was included in a direct mail list of prospects to whom were sent letters offering a booklet. The brother wrote to ask for the booklet. The underwriter called at the optical office, and was told that office hour visits were not permitted. So he wrote to ask for an appointment, and the prospect himself called—and bought Retirement Income.

When is a contact a contact? A page torn from a telephone directory is a list of names, of course, but it is too impersonal. Every name in a contact list ought to have some little personal touch to bring it alive. When it has that, a contact can be a contact, and prospecting should proceed.

* * *

THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY
Chairman of the Board

JOHN A. STEVENSON
President

INDEPENDENCE SQUARE, PHILADELPHIA

To Hold Hearing on Written Tests for N. Y. Industrial Men

Surrender Charge Time Limit, Fee Counsellors, Also on Nov. 14-16 Agenda

NEW YORK—Written examinations for industrial agents, industrial policy loans when the cash value amounts to \$50 or more, surrender charge limitations on ordinary and industrial policies, and insurance counsellors will be the subjects of hearings Nov. 14-16 before the joint legislative committee for insurance law revision, Chairman R. Foster Piper has announced. Hearings will be held at the New York state office building, 80 Centre street, New York City.

While the New York department regards the industrial policy loan idea as of rather doubtful practical value, it is known that Superintendent Pink strongly favors the requiring of written examinations for industrial agents. It is expected that there will be considerable opposition on the part of the industrial-writing companies.

Provided for Ordinary

New York does not now require written examinations of agents in any branch of life insurance. However, when the new code goes into effect Jan. 1 all new agents will be required to pass a written examination and while licenses will be renewed without examinations the superintendent has the option of demanding a written examination in case of renewals where he has reasonable ground to question the competence of the agent, also where a license has been suspended or revoked.

While the new code specifically exempts agents selling solely industrial insurance, either life or accident and health, Superintendent Pink feels that because the average industrial buyer is more easily imposed upon than the prospect in the ordinary field, it is more essential to have written examinations for industrial agents than for those selling ordinary.

Seeks Additional Suggestions

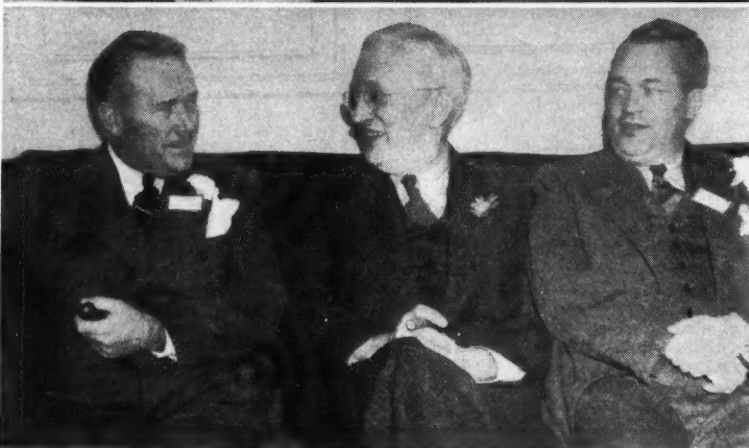
While written examinations and industrial policy loans are the only subjects so far on the agenda for the first day of the hearings, Nov. 14, Mr. Piper says that he will welcome other ideas or suggestions as to what should be discussed in connection with industrial insurance.

Proposed limitation of surrender charges is one of time rather than amount. There is no argument about the propriety of imposing a surrender charge to cover the cost of putting policies on the books, but Mr. Piper's contention is that once this cost has been taken care of the surrender charge should be eliminated entirely. He says that the committee has been urged to require all companies to eliminate the surrender charge some time between the fifth and the tenth year.

Linked with Dividends

The surrender charge question is tied up with the payment of dividends in early policy years. Payment of dividends before a new policy has paid its acquisition cost was the subject of considerable controversy at the time of the hearings on the code. While the proposed time limit on surrender charges is not expected to be drastic, it would involve changes in practice for a good many of the companies and quite a lot of discussion is expected. The entire second day will be given to surrender charges.

The final day will be devoted to in-



Research Bureau-Agency Officers conventioners. Top—H. J. Syphus, superintendent of agencies Beneficial Life; A. E. Patterson, vice-president Penn Mutual; Charles Mehlman, vice-president Colorado Life.

Bottom—Howard Oden, vice-president North American Reassurance; C. T. Davies, Wyomissing, Pa., million dollar policyholder, convention speaker; R. E. Irish, president Union Mutual Life, Maine.

insurance counsellors. In addition to hearing the insurance interests and the counsellors themselves, the committee expects to have a representation of the American Bar Association, the state bar, and the local bar associations. The New York department is skeptical of the value of a licensing law for insurance counsellors unless the law is strict enough to give the department full control over what the counsellors do. Without such control it believes that only the most flagrant abuses would be curbed and counsellors in the main would be free to pursue their present course and in addition to advertise that they are officially licensed by the state of New York.

Ellsworth Appointed Office Manager by Parsons

H. F. Ellsworth has been appointed office manager of the Bruce Parsons Chicago agency of Mutual Benefit. He is an expert on tax and estate problems and will specialize in service to brokers.

Mr. Ellsworth goes to the Parsons agency from the F. N. Winkler Mutual Benefit Cleveland agency, where he was associated since 1937. Previous to that time Mr. Ellsworth attended American University in Washington, D. C., for a year. Before that he was with the New England Mutual in Cleveland from 1930 to 1936. He was graduated from Ohio Wesleyan University in 1930 with highest honors, being named to Phi Beta Kappa. He holds a law degree and is a member of the Ohio bar.

Parkinson Strong for State Control of Insurance Line

Equitable's President Opposed to So Much Federal Centralization

SAN FRANCISCO—President T. I. Parkinson, Equitable Society, is visiting the Pacific Coast, relating his experience as a witness before the TNEC committee and upholding state and local governmental control. At Los Angeles he said:

"The biggest problem facing the country today is the development and sustaining of the strength of municipal and state governments as opposed to the centralization of power in Washington. Regardless of what political party is in power, the trend toward shifting of governmental power from the states and the cities to the federal government should be fought with all our might."

Focus Attention on Europe

He testified for an entire day before the TNEC during the course of which he endeavored to give the committee a true picture of the selling of life insurance and the service rendered to policyholders by the agents. He said: "Washington is interested in Europe and international affairs more than ever before. My guess is that it is deliberate because it is good politics to get away from domestic problems and focus interest on the more distant and alluring international problems."

Business generally was on the upturn before the war started in Europe, he said.

"Repeal of the arms embargo will mean a heavy but gradual increase in business in this country. The increase is dependent upon what England and France can buy from us and what amount of goods they can ship from the United States," he said. "It probably will mean a readjustment of sea trade routes and, as I see it, will send more American ships to the Pacific coast, but what effect this will have I am not prepared to say."

"The market generally is stronger and a decided improvement in the life insurance business already is here," he said.

Getting back to the government's part in the housing program and the slum clearance, he had this to say:

"If the government had kept its hands off housing, private enterprise would have built more houses than the government ever will."

At San Francisco he said state supervision is best for the policyholders. He said that the demand for annuities was keeping up because of the doubtful fiscal situation; that the "monopoly committee" investigating life insurance at the present time seems to be interested mostly in finding a path to establish federal regulation of the insurance business.

Asked to elaborate a little about his aggressive support of local and state governments with the federal government handling only those matters which are distinctly and actually national in general, Mr. Parkinson said that the whole scheme of Americanism is based on local governments where the individual may enjoy more liberties than would be possible under a nationalism which eliminated the personal touch the individual's local interest in local affairs.

"A distant government," he said, "ceases to be representative—and federal regulation of insurance of a one-system federal government in the United States would be a step backward."

University of Texas Plans Conference

AUSTIN, TEX.—The University of Texas has moved to swap ideas with the insurance field of Texas and the southwest, announcing plans to hold a two-day conference in Austin, Nov. 24-25, on the general problems of personnel selection and employer-employee relations.

The conference is the first of its kind to be attempted by the university. W. R. Woolrich, university engineering dean and conference chairman, said that not only Texas insurance men but representatives of nine other fields of employment, ranging from public utilities to petroleum production, would attend.

The program calls for a keynoting address by Dr. H. P. Rainey, university president, a general session on the personnel problems of the southwest area, clinics on job interviews, a panel of speakers giving short talks on their own problems of employment and personnel, and a round-table discussion of such recent governmental regulations affecting employer-employee relations as the wages and hours law, social security act, and the National Labor Relations Board.

The D. M. Skinner agency of the Aetna Life in Kansas City won the "dog fight," competitive campaign held each year by Aetna Life agencies in Missouri, Kansas, Oklahoma and Colorado.

Questions on Arnold's Plan of Compensation

At the meeting of the Life Agency Officers-Sales Research Bureau in Chicago, following the address of O. J. Arnold, president Northwestern National Life, who explained the new agency compensation plan that had been put into effect by his company, S. E. Mooers, agency vice-president Acacia Mutual Life, presented some questions. The presiding officer informed Mr. Arnold that there would not be time for him to make a reply as undoubtedly there might be a prolonged debate. However, he was furnished the questions and on his return to his office wrote a letter to Manager Holcombe of the Research Bureau, commenting on these questions.

Questions on Arnold Plan

The questions propounded by Mr. Mooers are:

1. Since one of the fundamental objections to the renewal commission form of contract as expressed so vigorously of late in the trade papers is the automatic termination of renewal commissions after the expiration of the nine year period, in spite of the fact that the agent is called upon to render continuing service to the policyholder during the life of the policy, why do you continue in your plan this principle of automatic termination of renewal commission, although one of the objectives of your plan is to better reward the agent for better service to policyholders?

2. Since base persistency rates for the company and the estimated persistency rates for each agent must be determined from 12 to 18 months in advance of the date as of which the compensation will be actually determined, how are you going to arrive at a satisfactory method for forecasting general business trends so far in advance in order to produce persistency rates which you can rest assured will be reasonably in line with actual experience?

Forecasting Persistency Rates

3. If because of the difficulty in forecasting persistency rates for each agent so far in advance it should happen that there is an over-statement of expected persistency rates which will require an adjustment downward in the agent's compensation, is it not true that such adjustment will involve extended and complicated calculations and accounting operations, when we take into consideration that such adjustment will be made in future years and that in no one year will the adjustment be made to such an extent as to reduce the compensation for that year below the guaranteed 5 percent renewal commission minimum?

4. When we take into consideration the forecasts that must be made of persistency ratios for the company and the estimated persistency ratios for each agent, together with the calculations which must be made to determine how the compensation paid compares with the compensation earned, and the subsequent operations which must be performed to adjust the paid to the earned basis, and when we consider that these operations with respect to an agent's compensation for one calendar year must be performed over a period of three calendar years, is it not true that the administration of the plan in the home office will be extremely complicated and expensive?

Renewal Compensation

5. Because the plan is based upon the principle that renewal compensation shall be paid only on the amounts renewing in excess of the amounts required to satisfy the base persistency ratios, with the result that a difference of 1 percent in the persistency rates for an agent will produce a difference of approximately 5 percent in the amount of his renewal compensation, is it not true that the major variations in compensation which will result from the minor

variations in persistency rates, which must be expected from year to year, will tend to upset and discourage the agent? Furthermore, will not this effect be accentuated if within a certain calendar year it is necessary, in addition, to adjust the agent's compensation downward to take care of over-payments in a previous year or years?

6. Is it not true that because the plan provides that the compensation shall be determined in accordance with the persistency rates dating from the issuance of each policy, the result is that an agent who has in one calendar year termination rates higher than normal termination rates, and who in each year thereafter has his normal termination rates, will have his compensation in such following calendar years depressed because of the terminations in that one calendar year because of the higher than normal terminations in that one calendar year—and will not this be discouraging to the agent?

O. J. Arnold's Reply

Mr. Arnold's reply in his letter to Mr. Holcombe is:

"I should like to answer very briefly the questions asked in the Thursday morning session of the Research Bureau meeting by S. E. Mooers of the Acacia Mutual. I shall make no attempt to correct certain conclusions he reached in the body of his questions, some of which do not conform with the plan itself. But since time did not permit of answers to the questions themselves after they had been read, the answers should be available to anyone who may be interested.

"The first question deals with the desirability of continuing the renewal commissions after nine years. I personally feel we might more properly limit regular renewal commissions to earlier years—say the first five—when real effort is needed, and discontinue renewal commission payments thereafter when most business renews automatically. However, we retained the nine year period to conform with our existing contracts with our agents. I do not believe from the agent's angle he cares much whether the period is five years or 20 years so long as he is paid adequately for his total efforts.

Method of Forecasting

"The second, third and fourth questions deal with our method of forecasting. We are entirely satisfied that our method of forecasting is accurate enough for our purposes and offers several advantages. One such advantage is that, contrary to Mr. Mooers' assumption, it simplifies our renewal payroll calculations to one estimate at the beginning of the year and one adjustment at the end of the year in place of continuous calculations on each and every renewal premium received during the year. However, Mr. Mooers should observe that this particular feature of our plan is not a necessary feature and can be dispensed with by anyone who feels the estimate in advance might lead to difficulties. We simply believe that the advantages of estimating in advance offset such occasional disadvantage that might arise in the case of an individual agent who did not live up to our estimate. And in any event, our over-all outlay is strictly controlled because we pay commissions only on that portion of the business represented by the difference between our base ratio and our company average performance; and we allow for errors in our advance estimate when we establish the base ratio at the beginning of the year.

"The last two questions deal with the fact that our plan is very sensitive to changes in the agent's renewal ratios and even inflicts discouraging penalties for business which renews at low levels. My

"It is our objective to provide our field representatives with all necessary tools, tangible and intangible with which success is achieved in insurance selling."

WALTER W. HEAD, President

You can't do TODAY'S insurance selling with YESTERDAY'S tools and be successful. Today, your insurance portfolio must contain complete multiple line coverage—coverage geared to, and synchronized with, current economic and social trends.

General American Life, with its Multiple Lines, gives the public the coverage it wants. Fitting examples are the two most recent additions to our sales kit:

- * The Progressive Hospital, Nurse and Surgical Expense Health Policy for individuals.
- * Employee and Dependents Group Hospitalization and Surgical Procedure Benefits Insurance for employee groups.

Just *two reasons* (and there are plenty of others) why General American Life agents and agencies are forging ahead.

Get all the facts about General American Life . . . its *Multiple Line Coverage . . . its kit of insurance selling tools.

GENERAL AMERICAN LIFE INSURANCE COMPANY

WALTER W. HEAD, President
St. Louis, Missouri



*MULTIPLE LINE COVERAGE: Participating • Non-Participating • Salary Savings • Juvenile • Sub-Standard • Annuities • Commercial Accident and Health and Hospitalization • Group Life • Wholesale Insurance • Group Accident and Sickness • Group Accidental Death and Dismemberment • Employee and Dependents Group Hospitalization with Surgical Procedure Benefits

only answer is that these were intentional aims of the new plan. We believe that poor business should be discouraged, that variations in persistency should be so sharply reflected in the agent's earnings as to make him constantly aware of persistency, and that earnings on poor business should reflect the value of the business to us even if it serves to discourage the agent. If it discourages him from submitting more poor business, the effect will be just as we want it."

Indiana Association Is Expanding Its Organization

The Indiana Association of Life Underwriters had a dinner meeting at Turkey Run, Indiana state park, with about 100 in attendance. The importance of a strong organized force was stressed by H. L. Rogers, Indiana agency manager Equitable Society, state president, who reported at some length on the trend of the TNEC hearings in Washington.

"We must be well organized if we are going to carry the facts and the implications of this investigation by administration authorities to the public, who are vitally concerned through their life insurance interests as to the final outcome of this probe," he said. He also warned that what is being attempted in California and Ohio to load on old age pensions will probably have to be met in other states, including Indiana. To meet this life underwriters must be lined up in strong formation.

In attendance were life men from Evansville, Bloomington, Vincennes,

Gary, Logansport, Kokomo and Indianapolis, with a large representation from the Terre Haute association, which sponsored the meeting. Lieutenant-Governor Schricker, Commissioner Newbauer and Deputy Commissioner Cramer spoke briefly.

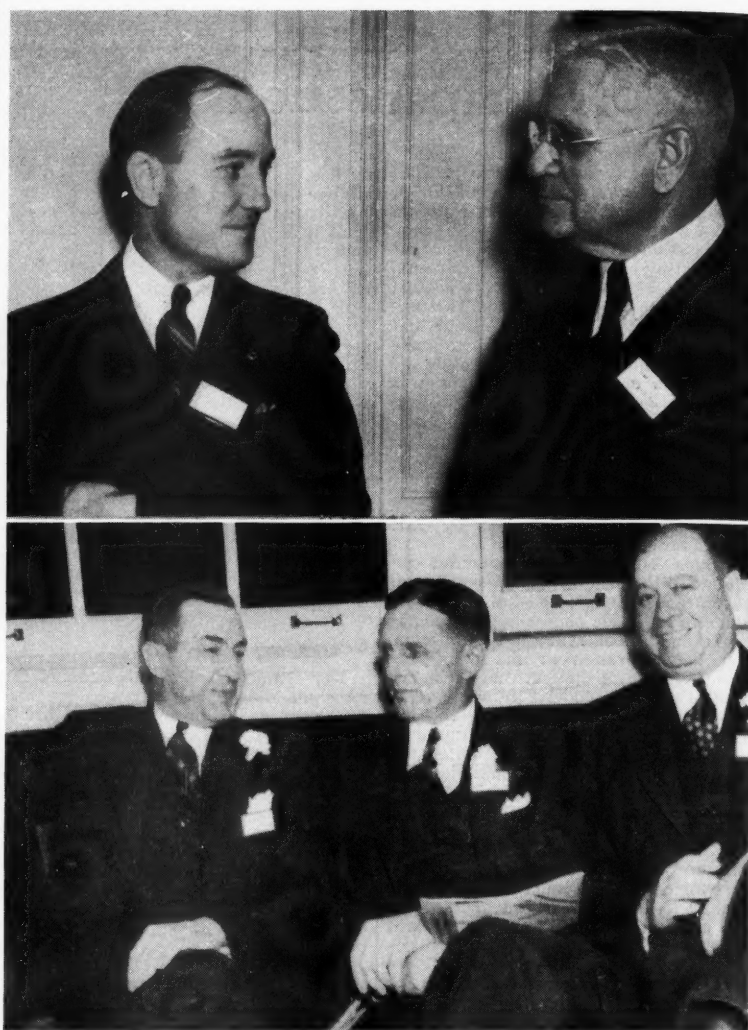
A meeting will be held at Muncie, Nov. 17, for formation of an association, which is expected to start with about 75 members. H. T. Wright, Chicago, vice-president National association, will be present and delegates will attend from Muncie, South Bend, Fort Wayne, Richmond, Indianapolis, Kokomo, Logansport and Lafayette. With the addition of Muncie, the state will have 14 strong local associations.

Los Angeles Supervisors Organize

The Life Supervisors Association of Los Angeles, which was tentatively organized late in October, completed organization this week and the newly elected officers were installed. They are: President, Elden L. Smith, Connecticut General; vice-president, S. I. Snortum, Equitable Society; secretary-treasurer, Jack White, Prudential. Joseph Charleville, managing director of the Los Angeles Life Underwriters Association, was elected an honorary member.

Swanson Agency Is Second

The H. G. Swanson general agency of New England Mutual in Chicago is in second place for the year to date, with 20 percent increase in paid business. The office started from scratch 8½ years ago.



At Research Bureau-Agency Officers meeting. Top row—F. J. Seitz, director of sales American Home, Topeka; W. R. Smith, vice-president LaFayette Life. Bottom—N. F. DeNezzo, field supervisor Aetna; Milton Jones, assistant supervisor Travelers, convention speaker; B. H. Groves, Chicago manager Travelers.

"Our Supplemental Agreement Service has made the purpose of life insurance secure"



STATEMENT BY A
VICE PRESIDENT OF THE COMPANY

Route 4, York
Pennsylvania
June 11, 1938

The Mutual Benefit Life Insurance Company
Newark, New Jersey

Dear Sirs:

When my husband died eight years ago, it was a question in my mind whether I could keep my family of four children together, but the fact that I was receiving life insurance at the time caused me to try to keep the family intact.

We have also kept our home, and even made great improvements in it, until now we have the modern conveniences to help make life easier. Had it not been for the insurance our home would have been sold. Because of the income benefits I received from your company I have been able to give my children the things they needed and also the things they desired. We have always had a car to go wherever we wanted. We could live healthily with proper food and wise medical care, though it was seldom needed. I was able to give the children books and music for their cultural enjoyment.

This spring one of my children graduated from college and will go on to medical school next year. Another has completed her first year of college, and still another will begin college in the fall. It is thus through life insurance benefits that I have been able to keep my children and also to give them what they needed to fit them for life.

I cannot thank you enough for all you have made possible.

Most gratefully yours,

Mary M. P. L. H.

From an
Unsolicited
Letter

FOUNDED  IN 1845

The Mutual Benefit
LIFE INSURANCE COMPANY
NEWARK, NEW JERSEY

Mass. Mutual Has New Training Course

Massachusetts Mutual Life has announced a new agents' training course in 11 bound volumes with illustrated covers. The first of the series is designed to acquaint new agents with the history and growth of the company, and is patterned on "The Calvacade of Progress" in the recruiting material, which was awarded a certificate of excellence at the recent Detroit meeting of Life Advertisers Association.

Other volumes cover the background of life insurance, a review of the qualities essential to success in selling and a simple description of life insurance as property. Policies, contract provisions, underwriting rules, procedures, etc., are explained. Under "Finding the Buyer," a resume is given of the best methods of prospecting: how, where and when to get qualified prospects. Numerous examples of successful prospecting approaches and methods are cited.

In "Developing Your Sales Conversation," comparison is drawn of impromptu and organized sales presentations.

Closing Factors Treated

Considerable attention is given to motivation so that the new agent will understand how to close business today. Two methods of answering these objections are outlined.

Practical advice and rules for work habits with 10 coordinated fundamentals essential to success are covered.

"My Income Control" explains that a lack of well planned energetic work is the cause of many failures, and shows the new representative the merits of

time control in an easy, natural and comfortable fashion.

"Completing Life Plans" explains that to best serve the buyer's purposes, each policy must be properly fitted into a well integrated estate. The responsibility of the agent in this connection is emphasized. Settlement options are defined and illustrated.

In addition to the chapters for agents, there is a section to guide general agents and supervisors in using the training course.

A. L. Dern on Long Trip to the Western Offices

A. L. Dern, vice-president and director of agencies of the Lincoln National Life, has begun an extensive tour on which he will visit western agencies. The first stop was the B. M. Kirke agency in Des Moines. While in Des Moines he appeared as speaker before the Des Moines Life Underwriters Association. Other stops include: P. W. Aurell agency, Phoenix, Ariz.; W. T. Shepard agency, Los Angeles; Sleeper-Webber agency, San Francisco; L. K. Newfield agency, Oakland, Cal., and the R. E. Murphy agency, Sacramento, Cal.

Mr. Dern plans to participate in agency meetings in each city and to hold individual conferences with agency members on plans for the new year. In the agency meetings he will review the year's activities of the company and its business to date, discuss agency plans, and, in line with the company's policy, stress service to policyholders. Mr. Dern will emphasize the company's new plan of measuring agents and agency progress by insurance in force rather than volume of new business written.

Capital Issues Eyed by Actuaries

American Institute Treats Social Security, TNEC, War Effect, Mortality Table

The mid-year meeting of the American Institute of Actuaries, coming as it did when so many large questions were confronting the business, produced much illuminating comment in the periods devoted to informal discussion. One of those periods was a closed session during which discussion centered principally about the TNEC investigation and the question of whether non-par rates should be increased.

At the open discussion period, the greatest interest was manifested in questions relating to the social security act, to war risk exclusion clauses and to the report of the subcommittee of the commissioners convention on a proposed new mortality table.

Hohaus Wields Stern Gavel

So many provocative subjects were on the agenda that R. A. Hohaus, assistant actuary Metropolitan Life, the Institute president, had to wield a stern gavel to keep the sessions within bounds. This was the first meeting over which he had presided and he performed in admirable style, rendering an excellent presidential address and pointing up the discussion with pertinent and sometimes humorous comments.

W. D. MacKinnon, assistant actuary of Equitable Life of Iowa, who is secretary of the Institute, announced that the annual meeting will be held at Chicago, May 23-24. He reported that five new associates and 13 new fellows have been admitted to the Institute.

A memorial was read to T. H. Plunkett, manager and actuary for Great Britain of Crown Life of Canada, who died recently. Col. H. J. P. Oakley, president of the British Institute of Actuaries, was elected as a fellow and a special amendment to the by-laws was passed.

Few Use Assignment Form

During the course of the meeting F. E. Huston, actuary of the American Life Convention, asked for a show of hands to indicate the number of companies that are using the uniform assignment form that has been recommended by the American Bankers Association and has received qualified approval of the Association of Life Insurance Counsel. There were no hands raised in the affirmative but a great many hands went up on the negative.

It was announced that the Pacific Coast Actuarial Club had decided to cancel its spring meeting and instead to have a large delegation attend the annual convention of the Institute in Chicago.

Those who had prepared new papers gave a synopsis of what they had written. C. O. Shepherd of Travelers had written a paper giving the background of the establishment of the legal reserve system. He said that the legal reserve system is an institution that has been taken for granted and that it is rarely discussed these days in its fundamentals. He said that he prepared the paper because he feels there is a need for clarification of thinking regarding the system and a need for re-examination of the instrument as a whole. In his paper he traces the history of the legal reserve system, points out some of the defects that were exposed, amendments that were made and traces the effect of legislation that was enacted following the 1906 investigation.

In recent years, he observed, there has been a revival of interest in the reserve standard and this interest has penetrated into the agency field. Mis-

conceptions have been propagated by twisters and counsellors, he said.

Dr. R. B. Robbins, Teachers Insurance & Annuity, presented a paper on retirement plans created by federal legislation, with particular reference to social security act, the railroad retirement act and the plan for civil service employees.

L. L. Stevens, Penn Mutual, gave a paper on mortality under family maintenance policy. Penn Mutual, he recalled, entered the family maintenance field in 1930. The underwriting rules applicable to term insurance were applied to the family maintenance contract. The mortality has been favorable. He said that violent deaths are 60 percent greater in connection with permanent forms of insurance.

Myers Presents Paper

In the discussion of papers presented at the previous meeting, particular attention was given to that presented by R. J. Myers, associate mathematician of the social security board, on the cost estimates of the social security act. Those participating in the discussion consisted of Russell Reagh, actuary for the United States treasury department, W. R. Williamson, actuary of the social security board, and John B. St. John, social security board, analysis division.

Jake for John



JOHN J. MORIARTY

DES MOINES — Rolling up the greatest month's production recorded by

the company in the past seven years, agents of the American Mutual Life in October went well over the top in their "Million for Moriarty" goal honoring J. J. Moriarty, agency vice-president. Agents registered a 24 percent higher volume of business in October than in any previous month of 1939, and 149 percent more than in October, 1938. This is the 12th consecutive month in which American Mutual production has exceeded the corresponding month of the previous year.

Randolph Agency Distinguished

CINCINNATI—Three members of the Guy D. Randolph agency of the New England Mutual Life have given the agency the unique distinction of possessing three men having more than 200 app-a-weeks to their credit, H. B. Jordan, Portsmouth, 380 weeks; J. M. Saladay, Portsmouth, 368 weeks, and Harold Doll, Cincinnati, 205 weeks. Mr. Jordan has the further distinction of never missing a week's production since engaging in life insurance over seven years ago.

Field men of the O. D. Douglas Texas general agency of the Lincoln National Life produced more than \$1,000,000 of business in October to honor Vice-president A. L. Dern.



What about YOUR OWN Future?

As an insurance man you are continually asking your prospects to prepare for their futures. Have you ever given serious thought to your own? If you are like many others, possibly you have put off doing so. Now is the time to do just what you ask others to do.

The Minnesota Mutual has a few general agency openings in various parts of the country.

WE OFFER

1. A liberal agency contract.
2. A plan for financing your agency.
3. Accounting methods to guide you.
4. Proven plans for finding—training agents.
5. A liberal financing plan for your agents.
6. A unique supervisory system.
7. Organized Selling Plan.
8. Unusually effective selling equipment.
9. Policies for every purpose: Regular—Family—Juvenile—Women—Group—Payroll Savings, etc.
10. Low monthly premiums.

A \$225,000,000.00 Mutual Company, 59 years old
with an understanding, cooperative Home Office.

**THE MINNESOTA MUTUAL
LIFE INSURANCE COMPANY**

Saint Paul, Minnesota

Sees Social Security as Factor to But $\frac{1}{6}$ of Buyers

That to only about one-sixth of those normally buying Northwestern Mutual Life contracts will the social security benefits be a consideration was indicated in an analysis made by that company and reported at the meeting of the American Institute of Actuaries at Chicago by Assistant Actuary E. G. Fassel.

The analysis covered the 1938 issues on a paid for basis, 57,000 lives for \$233,000,000 insurance. Fifty-two percent of the buyers were not covered under the social security act; 12 percent were physicians, teachers and lawyers; 5 percent were other occupations not covered; 9 percent were students; 20 percent were in agriculture and housewives; 6 percent was business insurance and wife ownership.

Others Not Interested

Forty-eight percent of the insurance consisted of policies on workers who do come under the social security act, but 9 percent were endowments and single premium contracts (the owners obviously not being in a class that would regard the social security benefits as something mutually exclusive); 5 percent were on the lives of persons in their fifties (another class that is not likely to waiver on the purchase of insurance because of social security benefits); another portion consisted of buyers of large lines.

The remaining sixth, according to Mr. Fassel, might be impressed by the social security benefits, and would constitute the range of prospects for whom the agents "might have to think up some arguments."

Mr. Fassel predicted that there will be a tendency on the part of those not covered by the act at least to match for themselves the benefits that are possessed by those that are covered.

Mr. Fassel voiced the belief that the sound course is to encourage agents to educate the public as to what their benefits are under the law.

M. A. Linton Makes Contribution

M. A. Linton, president of Provident Mutual Life, participated in the discussion. He covered about the same ground that he had covered the previous day in addressing at the same place the meeting of the Research Bureau-Agency Officers. Mr. Linton, having been a member of the social security advisory board, is always attentively followed on this subject.

Mr. Linton remarked that a certain element in the business asserts that in-

surance should have opposed the introduction of survivorship benefits into the social security fabric; that this departure constituted an encroachment upon the preserves of life companies. The speaker declared, however, that the step was logical and desirable in terms of social needs. The lump sum payment in the old act, increasing to a maximum the day before the worker reached age 65, when the need was the least, was illogical. Eight of the 13 European plans include survivors benefits, he said.

Sees Difference of Opinion

Mr. Linton said that under the surface there is a decided difference of opinion as to the effect of the act on the part of agency officers, some believing that it is extremely dangerous.

He warned in constructing sales arguments in the light of the act, against making such statements as "Social security still doesn't cover..." this implying a criticism of the act and of Congress. Rather should the statement run, "Social security naturally doesn't cover..." Social security should provide only a basic minimum; that is all it is intended to provide, leaving the balance for private enterprise and thrift.

The greatest threat, he declared, is contained in such proposals as the Bigelow scheme in Ohio, whereunder flat, liberal benefits are established, to be financed by general tax. That is destructive and dangerous. There should be a visible connection between the benefits and the tax.

Canvassing Not Affected

Life insurance is not likely to be affected by the act in its canvassing as extensively as some are predicting. As a matter of fact it is likely to prove beneficial in many ways. Agents can now approach persons with a program appeal that were not previously in a position to consider a program.

R. A. Hohaus, assistant actuary of Metropolitan Life, and president of the Institute, read excerpts from an article in THE NATIONAL UNDERWRITER by Bert Hedges, manager at Wichita for Business Men's Assurance, who recommended that the business cease to be preoccupied with the act and tend to its knitting.

Earl F. Bucknell, Bankers Life of Iowa, declared that the resourceful agent should not be discouraged by the fact that there is a certain overlapping of insurance and social security. Those in the lower income group now become

prospects for programs and those of higher income will disregard the federal scheme. He warned against permitting agents to work out complicated arrangements keyed to social security benefits. Simplicity in settlements is still much to be desired, he said.

George Immerwahr of Chicago voiced the belief that the social security act will make an insurance program a distinct possibility for many who otherwise might never have felt able to commence a program. Like the government war risk insurance, he predicted, it will increase the consciousness of need for insurance. It will intensify programming efforts. It creates the need for supplementary protection. He mentioned the vast market of uncovered employments.

Mr. Immerwahr had worked out a table translating the social security benefits under a variety of circumstances into an equivalent amount of term insurance. He set up an hypothetical family, consisting of husband, age 25, wife, 20; the husband having been under the act since 1937 at \$250 per month. In 1942 one child is born, in 1945 another. If the husband should die in 1940 the death benefits plus the value of the annuity to his wife when she reaches age 65 are the equivalent of about \$900 of term insurance. If the husband should die in 1945 after the birth of the second child, the benefits would be the equivalent of about \$12,250 term insurance.

Father of Triplets

Mr. Hohaus, earlier in the proceedings, had injected a humorous note, by saying that the largest benefits under the act would be paid on account of a man who died outside the delivery room of shock upon being informed that he had been presented with triplets.

As a matter of fact, according to Mr. Immerwahr the benefits under those circumstances would not greatly exceed an equivalent of \$12,250 term insurance.

Actuarial Conceptions

Earlier in the day there was an interesting discussion of some of the technical actuarial conceptions of the act conducted by two government actuaries. The discussion centered about a paper presented at the last meeting by R. J. Myers, actuary of the social security board, on the ultimate cost of the benefits.

Russell Reagh, actuary for the Treasury department, was a special guest of the Institute and contributed a discussion. W. R. Williamson, social security board actuary, also participated, exhibiting a number of charts upon which various estimates as to cost had been plotted. John B. St. John of the social security board was another participant in the discussion.

The company actuaries respect their

Milestones for Montreal Life and Its President



ARTHUR P. EARLE

Arthur P. Earle, president of the Montreal Life and head of the Canadian Life Insurance Officers Association, marked the completion of 43 consecutive years in the insurance business at the same time that his company reached a \$50,000,000 in force. Of his 43 years in the insurance business, Mr. Earle has been with the Montreal Life 29 years.

He started with the North American Life of Canada, but was in the United States for several years as actuary of the Columbian National Life and Reliance Life.

brothers in the government service, feel that they are conservative, fair and competent. R. A. Hohaus, assistant actuary of Metropolitan Life, and president of the Institute, declared that 10 members of the Institute are now in the government service, and he predicted that demand for actuarial talent in government will increase in view of the social security legislation, unemployment compensation, the problems of health insurance, etc.

Present Value Estimates

Mr. Reagh said the Treasury department is not concerned with the cost by years estimate, but rather in the present value estimates. He sketched some of the considerations that cause actuaries to arrive at such dissimilar predictions as to ultimate cost. The differences in the basic assumptions are largely responsible, for instance mortality, the rate of



At Research Bureau-Agency Officers meeting. Left to right—A. C. Wellman, vice-president Protective Life; L. J. Doolin, agency executive Fidelity Mutual Life; Holgar J. Johnson, president Institute of Life Insurance; E. A. Krueger, field service director

State Life of Indiana; C. L. Clark, secretary Liberty Life, Topeka; W. R. Jones, president National Fidelity Life. A highlight of the meeting is the opportunity provided for making new or renewing old acquaintances and discussing mutual problems.

withdrawal from insured occupations, the level of earnings, the age at retirement, etc. The social security board actuaries apply different assumptions from those of the Treasury department. It is difficult to reconcile the various tables.

Mr. Williamson said that the curves of predicted costs under the 1939 amendments are not as discouraging as those under the original plan, which shot upward in breath taking style as the years went on. Under the amendments the curves are raised in the earlier years and depressed later, because larger earlier benefits are introduced. The country can before long begin to realize what it means to be paying out \$1,000,000 benefits per year. That point, it is estimated, will be reached in 1950. The people, he declared, should not expect posterity to bear an enormously heavier load than they are willing to bear today.

Should Limit Cost to 10 Percent

Mr. Williamson said many believe that the cost should not go beyond 10 percent of the payroll that is taxed, and he said there is a fair chance that this limit will not be exceeded under the new setup.

Mr. Williamson said there are certain hedging features in the act. The benefits to dependent children may prove to be inconsiderable. The mortality among young fathers is not high. The mortality of fathers ages 40-50 is higher, but their children will have some age on them and won't get the maximum benefits. The children of still older fathers will be more than 18 years of age.

If by 1980, he declared, the cost burden is great and the generation finds it inconvenient to support old people on the scale mentioned in the act there is no reason why the people of that day can't adjust the problem.

G. W. K. Grange, Metropolitan Life, remarked that actuaries are conscious of the limitations of the data with which they are working and the assumptions that they employ. They are embarrassed by the fact that the public is inclined to accept as final the words of actuaries.

Can't Require Policy to Conform with Literature

LINCOLN, NEB.—An insurance company may make any restriction it sees fit in the selling of its contract, Insurance Director Smrha informed an army doctor who had written in protesting that in literature sent him by an assessment company in Omaha nothing was said about any waivers, but that when he applied for a policy he was told that he would have to sign one covering airplane travel. Mr. Smrha said that the only requirement he makes of companies is that any restrictions in policies be approved by his department. His correspondent insisted that the company was under obligations to issue him a policy in accordance with representations in the literature. Mr. Smrha replied:

"Under our statutes and under their contracts they are within their rights when they refuse to accept an applicant for membership and this they may do without giving any reason therefore at all. Their obligation is to render service only to those whom by a written agreement they have agreed to protect by payment of benefits upon the happening of specified events. They are under no more obligation to accept a risk than a banker is to make a loan to one who desires to borrow. In this they are precisely in the same situation as yourself, in that the association cannot compel you to become a member. It cannot be said that you have been injured because the company has misrepresented to you the merchandise which it offers for sale. You have lost nothing because of inability to purchase the contract, since one cannot lose something he never had. You have no rights so far as this association is concerned and will not have until and unless you become a member and your becoming a member rests upon your willingness to do so but also upon the willingness of the company to accept you."

Sketch Mortgage Redemption Plan Experience

The experience of Metropolitan Life and of Lincoln National with mortgage redemption policies was sketched during the course of the informal discussion at the meeting of the American Institute of Actuaries in Chicago.

R. E. O'Keefe of Metropolitan said that his company commenced writing mortgage redemption policies in 1920. It now has 20,000 policies in force. The contract consists of whole life paid up at 85, and one-year term insurance. The rate for the whole life portion of the contract remains constant while the term insurance rate increases yearly. However, since the amount of term insurance is reduced each year, the total premium reduces until finally it is that for the whole life portion.

The policies are written only in connection with decreasing dwelling mortgages. The mortgage amount and the terms of payment must be disclosed to the insurer when the business is written. Applicants are considered from ages 20-55. Payments are made to the beneficiary and she may do with them

what she likes. However, if it is desired, the policy may be assigned to the mortgagee with a side agreement to the effect that any of the proceeds above the amount necessary to liquidate the mortgage belong to the beneficiary.

C. R. Ashman of Lincoln National said his company's policies usually run from five to 20 years, and are usually for the same duration as the mortgage redemption period. The cost is low. The decreasing insurance is on the annual renewable term and there is an annual reduction in the cost of the insurance. The amount of insurance is always somewhat above the amount of the mortgage debt. A certain amount of permanent insurance remains after the mortgage is extinguished.

Lincoln National introduced this plan two years ago and is pleased with the results. For instance, every dollar of business produced by the leading agents of Lincoln National in July was on the mortgage redemption plan.

Agents have found that they can form valuable connections with building and loan associations through the avenue of that plan.

Ellinger Agency Celebrates

The M. R. Ellinger agency of the Northwestern National Life in Kansas City, celebrated its showing during Arnold

month, October, with a dinner for 20. Each member of the agency exceeded his quota and the agency as a whole produced 50 percent more business than in October, 1938.

Interesting Window Display

C. V. Shepherd of Cedar Rapids, general manager National Life of Vermont, had an interesting exhibit during Annual Message Week in the Western Union office window in his city. For the last five years his agency has been running an advertisement, "Interviews on Life Insurance with Prominent Cedar Rapids People." During Annual Message Week he published an interview with Lieutenant Governor Hickenlooper of Iowa. The agency was established in August, 1937, there being no representative in the territory. Last year it ranked fifth in paid production and so far this year is fourth.

Agents of the Manhattan Life have set aside November as "Fordyce Month" according to an announcement received from the general agents' committee for "Fordyce Month." The agents set themselves a goal of \$3,000,000 in examined business of \$2,500,000. J. P. Fordyce, vice-president and agency director, is thus being honored.

Test yourself

ON YOUR KNOWLEDGE OF LIFE INSURANCE COMPANIES

1. Which life insurance company writes a full line of ten preferred class policies instead of the usual one (in addition to policies on five other levels of standard and substandard insurance)?
2. In what company can a policyholder purchase an average of more than \$100 of extra insurance with each dollar of his dividends?
3. What company sells 63 per cent more ordinary insurance in its own state than any other company?
4. What company pays the agent with ten years service A SERVICE SALARY IN ADDITION TO THE USUAL RENEWAL INCOME?
5. What company issues a policy which offers lifelong protection (and cash values, of course) with a premium rate of \$17.91 at Age 35?
6. What company's annual statement shows more than TWICE THE USUAL MARGIN OF SAFETY in amount of assets over liabilities?
7. What company sold 22 per cent more new insurance last year than the previous year, and increased its "in force" business 7½ per cent?
8. What company had the biggest year of its history in 1938, and in ten months out of the twelve, beat the same month of the previous year?
9. What company permits a policyholder with an endowment or limited pay policy to reduce his premium (without medical examination) to less than the ordinary life rate for the original age of issue?
10. WHAT COMPANY ORIGINATED AND INTRODUCED THE FAMILY INCOME POLICY?
11. What company goes to its Field Force in designing all its sales promotion material?
12. When its name is mentioned in life insurance circles, what company usually elicits some comment about its progressiveness and modern methods?

IF YOU LIKE THE PROFESSOR QUIZ OR "INFORMATION, PLEASE" KIND OF GAME, TRY THESE QUESTIONS OUT ON YOURSELF AND YOUR FRIENDS IN THE BUSINESS. IF YOU KNOW YOUR COMPANIES, AND KEEP UP ON YOUR READING, THEN YOU WILL SCORE 100 PER CENT. THE ANSWER TO ALL THESE QUESTIONS IS:

CONTINENTAL AMERICAN LIFE INSURANCE COMPANY

WILMINGTON, DELAWARE

W. M. ROTHBAERTEL, Vice President



When the flash bulb went off at Research Bureau-Agency Officers gathering. Left to right—E. B. Stevenson, Jr., executive vice-president National Life & Accident; Richard Boissard, vice-president National Guardian Life; S. E. Mooers, vice-president



Acacia Mutual; J. Roger Hull, assistant superintendent of agents; W. G. Warren, manager Chicago clearing house, and Samuel Heifetz, Chicago manager of Mutual Life of New York.

Michigan Tax Does Not Apply to Cash Surrender Values

DETROIT — Despite an opinion by a prominent Detroit firm of insurance counsel that Michigan's new intangibles tax law, known as the Stockman act, is applicable to the cash surrender values and loan values of life insurance policies, H. B. Thompson, secretary-treasurer Michigan State Association of Life Underwriters and secretary-counsel Associated Life General Agents & Managers of Detroit, has been assured by the Michigan state tax commission that it will follow a ruling of the state attorney-general's office holding that the act does not apply to life insurance policies.

Interpretation Is Published

The firm of insurance attorneys prepared a lengthy interpretation of the Stockman act which was published in a newspaper circulating to the legal profession in which they declared that "the cash surrender value of an insurance policy appears to be a 'credit' and as such would be subject to the tax. Dividends on unmatured life insurance policies are not 'income' inasmuch as they do not represent 'yield' and hence are not subject to the tax. Annuities are subject to the tax. If the annuity is income-producing it is taxable to the extent of the payments received which represent income as distinguished from payments representing the return of principal. If non-income-producing it is taxable based on the face amount of the annuity contract (after deducting principal payments already made, if any)."

Publication of this interpretation aroused the ire of the associations and other legal counsel in the life field who disagreed with the opinion.

No Ruling Before Dec. 1

Mrs. Florence Royce, tax commission attorney, made it clear that the commission has not yet issued any rulings clarifying procedure under the intangibles law and probably will not do so before Dec. 1. However, she said, "An opinion of the attorney-general was written to the chairman of the house general taxation committee during the time the intangibles tax law was being considered by the legislature. That opinion held that cash surrender values of life insurance policies are not subject to taxation as a 'credit' in this state. We will consider ourselves bound by that opinion."

A surprise party was given in Buffalo, for T. C. Snow, general agent Penn Mutual Life, on the first anniversary of the agency's opening. E. P. Huttinger and H. O. Rasmussen of the home office were present.

Social Security Actuary Gives Views on the Present Act

DETROIT—At a recent meeting of the Detroit C. L. U., W. R. Williamson, actuarial consultant to the Social Security Board at Washington, gave a talk. The publicity that went out left the impression that Mr. Williamson stated that the security board favored a general \$250 death settlement. He explained that there is burial benefit occurring in the present act when there are no dependent children. This could be around \$250 in certain instances and in the discussion it may have given rise to the thought of a more general benefit.

He said that contributions are planned to rise steadily over a period of years from the present 2 percent up to 6 percent in 1949. Benefit costs may well exceed 6 percent during the next 50 years. Unless considerable care is used in planning the whole social security program it might well reach levels such as the 20 percent of the payroll in Austria and Germany, he said.

Letter to Roger Hull

Mr. Williamson says: "The social security act is a matter of definite record as to the original act of 1935 and the revisions of 1939. Even as interpretation of the life insurance business seems a trifle difficult in single brief talks on the whole subject, so also a full discussion of the whole social security act commonly enters into theorizing concerning eventual trends under such legislation. What people wish to discuss commonly are these trends rather than the accomplished coverage of the act."

In a letter to Roger B. Hull, managing director of the National Association of Life Underwriters, Mr. Williamson said that in his talk in Detroit he used charts that were not in such shape as to be duplicated. The major points in that talk were:

(1) The program reconstructed benefits from those originally granted under the old act from a savings to a more clearly insurance basis, defining insurance as the shared provision for contingencies;

Long Range View

(2) In going directly to a combination of benefits to orphan children and their mothers in lieu of the old money-back death benefits and granting, beginning with 1940, old-age benefits based upon average known wages, there entered a less rapid upward slope of the benefits curve and the greater stability which goes with a hedged bet, like the stability in a retirement income policy which has adequate life insur-

ance in the early years instead of the money-back arrangement;

(3) That on the whole over a long-range period of time it seemed that the program was more financially conservative than the old one;

(4) That certain anomalies existent in the plan naturally resulted from the incomplete coverage and the necessity of drawing boundaries between those who were eligible and those who were ineligible. The extension of coverage would help to eliminate some of these anomalies;

(5) That to a greater extent than heretofore the social security program was meeting needs on a minimum basis and presumably encouraging supplementation in the meeting of those needs;

(6) That the risks now insured against are primarily the loss of an earned income in old age and the loss of an earning parent in childhood. Finally, that the method of meeting merely minimum provision for the children and their widowed mother is rather inexpensive since the danger of death of the young father is very slight. As the children grow up and the probability of death increases, the period of benefit receipt diminishes, and where the death rate is highest other children have become self-supporting. The funds are therefore more skilfully used to meet benefits than under the old program.

He had illustrative charts which showed the range in costs depending upon the extent of mortality improvement, the distribution of wages, and the distribution of time in covered employment, the possible effect of a change in the interest rate, the changing age distribution of the community. These charts were illustrative only. He said the board was not yet prepared to release them in detail until it can do considerably more work on them.

R. L. Alexander Leaves Department

HARRISBURG, PA.—R. L. Alexander, chief of the division of audits and statements in the Pennsylvania department, has resigned. He has been with the department in various capacities during several state administrations.

Protective Opens New Agency

Protective Life of Birmingham has opened a general agency at Tallahassee, Fla., with Ralph Newman, formerly of Columbia, S. C., as manager. J. R. Beal has succeeded Mr. Newman as manager of the Columbia agency.

Progress Made in Providing Group Cover for FSA

Progress is reported as being made in the conversations between the Farm Security Administration of Washington and a group of half a dozen life insurance companies on the project to provide term insurance for those farmers to whom financing is extended by the FSA in the so-called rehabilitation program.

FSA wrote to all of the life companies sometime ago, requesting bids on this term insurance proposition. Most of the companies said they were not interested but Lincoln National Life expressed interest and entered into negotiations, inducing about six other companies to collaborate. A good deal of progress has been made and it is understood that the present intention is for the interested companies to establish a new insurance company domiciled in Washington. The policies of this new company would be issued and the supporting institutions would share in the premiums and losses.

Forty Year Term Policies

The FSA desires to have 40 year term policies issued in connection with real estate mortgages and ten year term policies in connection with chattel mortgages. The insurance would be in the nature of group coverage, without medical examination, with the requirement that 75 percent of the farmers in a county or district must take the insurance.

The FSA is insisting that the insurance companies apply a very limited expense factor in pitching the rates and there has been a good deal of discussion because the FSA insists that a ceiling be used which would prevent the insurance companies from recouping the loss that might come from severe mortality.

Fear Change of Policy

The companies are not worried at the prospect of a bad mortality experience if the FSA should continue its present policy of extending aid to tenants who are in their low 30's, but there is some fear that if the program should expand that the policy of discrimination might be abandoned.

All insurance offices in San Francisco were closed a half day Tuesday, date of the special election on the "ham and eggs" pension plan. A number of insurance employees were given the entire day away from their offices to enable them to do "precinct work"—an unprecedented move in the insurance business in the west.

TWO PRESIDENTS TO SPEAK



SIDNEY O. SMITH

The presidents of two major agents organizations are billed to speak at the mid-year meeting of the National Association of Insurance Commissioners at Edgewater Park, Miss., the first week of December. Sidney O. Smith of Gainesville, Ga., is the new president



CHARLES J. ZIMMERMAN

of the National Association of Insurance Agents, and Charles J. Zimmerman of Chicago, general agent of the Connecticut Mutual Life, is the new head of the National Life Underwriters Association. Both have a busy year ahead of them.

LIFE SALES RECORDS

National Life, Vermont—Paid new business for October shows gain 12 percent. Increase in insurance in force for the month was \$1,935,596.

Northwestern National—A 16 percent increase in October new business over October, 1938, is reported. The gain was widespread over the territory with 21 agencies submitting more than \$100,000 for the month. Leading agency was the White & Odell agency, Minneapolis, with \$1,693,507. The Texas state agency, Houston, was second, and the R. J. Albachten agency, St. Louis, third. Oct. 30 was the largest single day for ordinary business in its history, total volume for the day being \$2,015,720.

Union Central—The C. B. Knight agency, New York, was October leader on a paid basis with 280 cases for \$2,109,405; followed by J. C. Benson, Cincinnati, 81 cases for \$610,718, and H. A. Zischke, Chicago, 57 cases for \$346,092. The company's new business for the month as a whole was the best since January and totaled \$9,503,484.

Colorado Life—In October, during which production was dedicated to President W. L. Baldwin, the largest month's business in years was recorded. The life quota was made and the accident and health quota was exceeded by 25 percent. The O'Shaughnessy agency of Denver won the president's trophy cup for the October campaign.

State Life, Ind.—Ernest L. Buchanan, San Francisco, won national leadership in October for volume of production for the 11th consecutive month. He has written over \$1,000,000 of business during the present production-year, and has exceeded his 1938 record. California led the country for October business with a 10 percent increase, thus maintaining consistent leadership for 1939. Three Californians headed the honor classes: A. J. Hill, California manager, Class A; G. W. Hall, Class C; and Paul Paul, Class D.

Girard Life—Insurance in force Oct. 1 was \$32,305,633, a gain of 1.4 percent from the first of the year. The first nine months business paid for amounted to \$2,371,029, a gain of \$784,759 or 49.47 percent above the production for the same period of 1938. Whatever business is paid for the last quarter of this

year will be a gain over the full year's production of 1938. Lapses the first nine months were \$135,578, an improvement of 7.44 percent. Mortality is somewhat higher but this was due to the experience early in the year.

Wisconsin National Life—The Michigan agency during the October campaign commemorating President C. R. Boardman's birthday month broke all its one-month production records for new business when 52 agents turned in 218 applications for \$359,219. Seven agents led by Curtice Smith of Lansing with \$38,740 exceeded the \$20,000 mark during the month with Smith's agency taking second place on volume, trailing the Grand Rapids agency which produced \$91,218, by less than \$3,000.

Equitable Life, Iowa—Made net gain of more than \$900,000 in paid business for October over September. Production for October was \$4,678,883. The Des Moines agency, Grady V. Fort, general agent, topped all agencies in production for the month. Indianapolis was second, Cleveland third, Philadelphia fourth, and Harrisburg fifth.

Ohio National—Good results were obtained in October, which was president's month in honor of T. W. Appleby, president. New business was close to \$4,400,000.

Lamb Agency Holds Party

Three home office men of Columbian National Life attended an office party held by E. E. Lamb, Chicago general agent, celebrating his move to new quarters in the Board of Trade building there. The officials were A. A. McFall, agency vice-president; W. R. Beardsley, superintendent of agencies, and H. A. Plimpton, actuary. There was a buffet lunch and dancing. Mr. Lamb took charge over five years ago. His agency in October placed third in life business and was in the forefront for accident, duplicating this year its 1938 record.

IF A PERSON is conscientious in his living, if he tries to do the square and right thing at all times and recognizes the rights of those with whom he is associated and comes in contact, he will have no trouble in living successfully with his fellow men wherever he goes.

QUIZ AD No. 3

QUERY: What life insurance company regularly consults with its agents on matters of company policy?

COMMENT: Believing that the problems of its fieldmen are the problems of the company... Continental Assurance is glad to have an independent, self-governing General Agents and Managers Association which counsels frequently with the officers of the company on agency and administrative affairs.

Continental
ASSURANCE COMPANY

CHICAGO, ILLINOIS

Affiliated with

**CONTINENTAL CASUALTY COMPANY
TRANSPORTATION INSURANCE COMPANY**

Social Security Act

By BERT A. HEDGES
Manager Business Men's
Assurance, Wichita, Kan.

Some Observations on Using It As a Life Insurance Builder

The letters which I have received following my somewhat exasperated "explosion" over what I considered to be the over-solicitous attention being given by insurance journals and speakers to the latest model of the federal social security act indicate that I am not alone in my sentiments on the subject. In fact, it seems that a good many of my fellow-readers of THE NATIONAL UNDERWRITER had been rapidly approaching the explosion point on that subject themselves. I just happened to "boil over" first.

The following letter from Missouri is typical of many received from some five or six different states:

"I wish I had thought up the idea of writing an article, but I just threw the material that I have been receiving in the wastebasket and let it go at that. Even our own company printed a whole barrage of stuff in order to be the first in the field to tell how to supplement the social security idea and I dumped that in the wastebasket. 'Why should we tell them about it' is right. Certainly you have hit the nail on the head and I think you have voiced the sentiment of every field man."

Sentiment from a Buckeye

And this, from Ohio: "I am entirely in accord with what you have written about too much emphasis being placed upon the governmental social security plan. To save my life I can't see why we should go around tooting the other fellow's horn, and it strikes me as the wrong kind of sales strategy to plan an interview that will be devoted principally to a discussion about something which may prove to be a mirage. So far this year the agents in our office have paid for 50 percent more in new premiums than in 1938 and I can't put my finger on a single case where reference to social security benefits has helped close it. Perhaps we're too darn dumb to appreciate the so-called advantages of the social security approach, but until we get wiser, we are going to treat it as a step-child."

And from Dallas: "May I congratulate you on your article which appeared in the Oct. 20 issue of THE NATIONAL UNDERWRITER. For quite sometime I have been feeling just as you have expressed yourself, yet so much was being written contrary to my views that I was beginning to wonder if I was all 'haywire' on this subject. Naturally I was delighted to find you holding the same views and am especially glad to

see you express yourself as you have for the public to read."

The editor of THE NATIONAL UNDERWRITER informs me that other letters of a similar vein have been received at his office, and referring to my plea that editors and journalists "drop the whole subject and go fishing," he suggests that a little further discussion of the matter might at least entice the members of his fraternity into going duck hunting.

Naturally, it is gratifying to discover that mine is not a lone "voice crying out in the wilderness." Even a rugged individualist likes company. But I felt pretty sure that a great many life underwriters besides myself were getting "fed up" over being told how it is both our necessity and our opportunity to make social security a part of our every sale presentation. What especially exasperates many of us, I think, is this attitude or doctrine of so many in high places that it is some sort of patriotic obligation on our part not only to avoid criticising the act, but to be its special missionaries.

No Time for Political Discussion

As stated in my previous article, we men in the field have a big enough job trying to keep Americans in the role of the best insured people on earth to spend our time discussing (during business hours, at least) social experiments and/or politics. At the same time, we are not unmindful that in these days almost any successful institution or individual is a target for those temporarily in high places who want to take the world apart just to see what makes it tick. It behooves us to keep the public conscious of our own service value and their stake in legal reserve life insurance as it is. Indeed, I think I have detected a slight note of criticism or at least a disappointment among fellow underwriters at what we feel has been a rather timid handling of the life insurance side of the story by our company officials during the recent TNEC hearings. We know that our own policy-owner-clients believe in us and in the institutions we represent. We believe that if they were supplied with the real facts—the truth about life insurance in simple everyday language, they would quickly stop any improper "tinkering" with the institution as such. How do this? Well, other businesses use their customers' mailing lists.

To put it bluntly, we have the feeling that if we made our daily sales presen-

tations with as little enthusiasm and as timidly as it seemed to us the case for life insurance was presented in the investigations referred to, we would not sell much insurance. I know that the setting was highly unfavorable to the company representatives and that politicians are apt to be unfair and unethical as we know the terms. But in the field we don't often find entirely favorable environment for our interviews either. On the other hand, I doubt if any of the great companies were built to their present size and prestige without overcoming every sort of obstacle and opposition, including politicians.

In our end of the business we have learned it is good salesmanship if a mistake or a misstatement has been made to admit it quite frankly and go on with the presentation on the correct basis. We take it for granted that the institution of life insurance, including the agency system, is not perfect. It is easy for even an uninformed person to criticise. But surely any such errors or weaknesses can be frankly admitted and corrected without destroying or seriously impairing either the institution or the faith of our policyowners in it, provided, always, that they know nothing is being "put over" on them.

Best Defense is an Attack

Somehow, I can't help remembering the old military principle that "the best defense is an attack." I should like to know what my fellow life underwriters think about that "pet peeve" as another phase of government competition. But, lest I acquire an undesired reputation for being a chronic crab, I think I should say that such a role is really a new one for me. Indeed, I freely admit that most, if not all, of the difficulties and problems which I personally encounter in selling life insurance and in helping the men of my agency do their job, are internal rather than external. Like most of us, I find myself chasing the rainbows of easier ways to get the job done instead of working harder at doing it better. As a manager, I find that the best-laid plans of training and supervision usually decline and fall because of my own lack of persistence in following them through rather than because of inadequacy of either the plans or of my agents. Incidentally, I have also finally admitted that there are some managerial duties which I cannot successfully delegate to anyone else. In that category comes joint field work and coaching on the job for both new men and old. But that, too, is another story with no particular place in these rambling remarks.

Life Insurance Is Basic

As long as America is America her people will need the security provided only by private, voluntary life insurance. They will satisfy that need only through

Insurance Is Most Vital Force in Economic System

HARTFORD—Speaking before the annual dinner of the Hartford Chamber of Commerce, Raymond Moley, contributing editor of "Newsweek" and former assistant secretary of state, declared that insurance is the mightiest protector of individual security in the land, and that the business, by creating enormous turnover of purchasing power, comes close to being "the most vital single force in maintaining the integrity and vitality of the American economic system."

The huge total of life insurance payments and beneficiaries provides a flow of purchasing power that challenges the beneficent efforts of any government, Mr. Moley declared. "This is the sort of stimulation for business that carries no danger of political aggrandisement, or growing personal power or unbalanced public budgets. It is made up of the embattled savings of the American people, flowing through democratically-governed channels back to the life-line of our civilization."

trained professional life underwriters in spite of what social security and TNEC may hatch. As I stated in my previous article, we need a better understanding of the basic needs of life insurance and a higher type of life underwriter service than ever before. I am confident that our companies and our National Association of Life Underwriters will continue their recent progress towards such a goal. But we will not make that progress if we allow ourselves to be side-tracked or "bluffed" by forces inimical to the institution which we represent.

Suit on Misrepresentation

The Pennsylvania court of common pleas of Lancaster county in *Daly vs. John Hancock Mutual* decides a case where there is alleged misrepresentation in the application. In his application the assured stated that he had never been hospitalized and that he had never been afflicted with cancer, although four months before the application was signed he had been hospitalized and had undergone an operation for cancer. Suit was brought on his policy, and the company tendered the amount of the premiums paid. According to affirmative testimony the assured never knew he had cancer, but since he did know that he had been in the hospital it was held that the court erred in permitting the case to go to the jury.

A new insurance venture at Madison, S. D., is the *Great Plains Mutual Life*, organized to write assessment life insurance.



Glimpses from Research Bureau-Agency Officers meeting. Left to right—L. Wilson, superintendent of agents, and A. C. Louette, vice-president Peoples Life of Indiana;

M. A. Linton, president Provident Mutual Life, and Earl Trangmar, Metropolitan Life.

Actuaries Praise Mortality Report

(CONTINUED FROM PAGE 3)

against the retention of the deficiency reserve idea.

The committee, he pointed out, favors non-forfeiture values being geared to the minimum reserve standard that is permitted rather than to the standard mentioned in the contract.

Kattell Gives Impressions

S. C. Kattell, Lincoln National Life, said that a modern mortality table should be allowed. He favors the preparation of a model bill. He suggested that the companies might continue premiums on the 3½ percent basis but put the values on the 3 percent basis. That would be a legal way of keeping surrender values down, and yet maintain large enough reserves. The treasury department might, however, only allow deductions from income tax on the basis of 3½ percent reserve.

C. O. Shepherd, Travelers, said that the companies should get behind the report of the committee enthusiastically. It is an excellent chance to get an improvement in the law. It is well to permit the use of other mortality tables so as to do away with the charge that by use of the one table mentioned in the statutes for all sorts of purposes the companies are enriching themselves. The reserve standards for solvency should be separated from the surrender values, he declared. He expressed the belief that it is not necessary to place extensive restrictions on the types of tables that may be approved.

If an individual insurance commissioner approves a certain table, Mr. Shepherd said he should make the fact known to the National Association of Insurance Commissioners which could act as a clearing house. The legislation should not be too specific. The only reason to mention a mortality table in a policy, he said, is to determine the non-forfeiture values.

F. B. Gerhard, Prudential, said he likes the idea of flexibility in valuation standards and surrender values.

Recent Life Decisions from Higher Courts

The Washington supreme court affirms a decision of the King county supreme court involving the constructive delivery of a policy. It is *Kinney, et al vs. Northern Life*. At the time the assured signed the application he paid the agent \$7.55, the premium for the first month as stated in the application. The policy, as subsequently written, called for a premium of \$8 a month. In a telephone conversation with the agent, the assured stated that he would pay the additional premium and would sign an amended application, but he died of a gunshot wound before he had opportunity to do so. The court told the jury that there could be no recovery if neither the application was signed nor the policy delivered, but because the court further instructed the jury on the matter of constructive delivery, it was held that the court did not fail to recognize that there could be a constructive delivery. Furthermore, since there was no evidence from which the jury could find that the agent had the authority to waive the conditions fixed by the company that he should collect the additional premium and have the amended application signed before delivery, it was held that the telephone conversation did not operate as an acceptance of the policy by the insured and a constructive delivery of the policy.

Connecticut Mutual Dividends

Connecticut Mutual Life has authorized a new formula for preliminary computation of 1940 dividends, which will result in lower dividends on endowments, particularly of the short

Valuable Book on Selling to Farmers

L. A. Williams of the DeBarry & Williams agency of Chicago, general agents of the Lincoln National Life, has written a very valuable book entitled "Selling to Farmers." His experience in selling is largely built on farm work. He was general manager of the Country Life of Chicago for a number of years and that company specializes on farm life insurance. In that connection he was the general sales manager of the insurance activities of the Illinois Agricultural Association.

Mr. Williams does not use his new book merely in insurance presentation but gives valuable suggestions to selling the farmer in any way.

The chapter headings are: "The Farmer," "Opening the Sale," "The Presentation," "Persuading," "The Follow Through," "Closing," "Specific Selling Points," "Campaigning," "Developing Selling Powers," "Directions to the Goal." At the beginning of every chapter he asks a number of questions so that the reader can easily ascertain whether he has absorbed the subject and grasped the points that Mr. Williams has suggested. He said that getting the farmer to accept new ideas is no difficult task compared to that day of 20 years ago before farm bureaus and agricultural associations had blazed trails and planted the seed of desire for better living standards and better farm methods. The book is sold by THE NATIONAL UNDERWRITER and costs \$2 per copy.

Finds Exception to N. D. Law on Policy Payable to Estate

The North Dakota supreme court was called upon to construe the statute providing that policies made payable to the estate of a deceased should be distributed to the heirs as determined by the statute of descent, not subject to payment of debts. The case was *Anderson et al. vs. Northern & Dakota Trust Company et al.*

The heirs-at-law of the insured, Axel R. Anderson, claimed the proceeds of life insurance under that statute. One policy had been payable to Anderson's first wife who predeceased him, and it was subsequently assigned to the insured himself by her administrator. The supreme court held that this removed the policy from the operation of the statute, for it had become payable to him, not by the terms of the policy, but by a separate contract of assignment, and was, therefore, included in the general assets of the estate for distribution to those named in the assured's will.

The suit was brought by Elizabeth Anderson, Mr. Anderson's widow, and Laura Anderson, his adopted daughter. The policy that was assigned to Anderson by the administrator of his first wife was for \$5,000 in Mutual Life of New York.

The deceased did nothing whatever after receiving this policy to indicate an intention that it should be payable to any particular manner or to any particular person.

The proceeds are now a part of the residue of his estate for distribution to the residuary legatee.

The second policy, amounting to \$10,000, was in Pioneer Life. The avails of this policy passed to his heirs at law, in accordance with the laws of succession. Pioneer Life of North Dakota was reinsured in Lincoln National in 1917.

term variety. Except for policies issued at extreme older ages, the new formula increases the dividends on ordinary life, 30-payment life, life paid up at age 65 and life paid up at 70. Interest on accumulated dividends and on funds left under settlement options will be 3.5 percent instead of the present 3.6 percent.



Here's DOUBLE Protection

The prospect who needs the most insurance per dollar of premium and more protection now than he will later, finds his needs covered by the LNL Double Protection Plan.

For example—a prospect aged 35. For \$12.80 a month he may have \$10,000 of insurance protection for twenty-one years and thereafter \$5,000 of insurance for life. Or, he may continue his Double Protection for eleven more years, after which time his protection stops. At no time does his premiums increase.



THE LINCOLN NATIONAL LIFE
INSURANCE COMPANY

FORT WAYNE, IND.

ITS NAME INDICATES ITS CHARACTER



Before the camera at Research Bureau-Agency Officers meeting. Left to right—J. W. Blunt, vice-president; A. W. Crowell, agency secretary, and F. L. Merritt, vice-president and agency manager Monarch Life; W. M. Houze, Chicago manager John Hancock Mutual; John E. Hartigan, head office agency department, and E. L. Carson, Milwaukee manager Equitable Society.

Richardson Gives War Risk Analysis

(CONTINUED FROM PAGE 2)

Mr. Richardson said that service in military forces of foreign countries at war apparently could be excluded in most states during the life of the policy, but service in auxiliary units or civilian travel could apparently be excluded in most states only during the contestable period. He said that this restriction appears to rest upon the unfortunate theory that an exclusion of coverage is a contest of the policy. He said it is significant that aviation is not mentioned in the commissioners' statement. It evidently is the intention that the regular practice as to aviation exclusion clauses will apply. There are, however, many

cases involving war risks which also involve aviation risks and it seems to be a much neater procedure to cover the whole thing in one clause.

Under the military and naval service provision it is usual to exclude only service outside continental United States, and, in many cases, Canada, he observed. At least two states require that the exclusion as to military and naval service apply "in time of war." Some clauses prohibit only service in the forces of a foreign country, while other prohibit all service outside the U. S., even in U. S. forces. If the insurance departments will not permit the companies to exclude foreign service of U. S. forces, he declared, strict underwriting must be practiced. Many clauses exclude death occurring within six months after expiration of service but at least one department objects to this and it may be necessary to state in the clause that only death occurring as the result of war service within that period is excluded.

Aviation Training

Mr. Richardson expressed the belief that the companies should exclude training in addition to flying for naval or military purposes.

Under the travel provision the clause should be so worded as to cover travel or residence in war areas and also service in auxiliary units such as Red Cross, Y. M. C. A., etc. The limitation to two years is a serious handicap that will affect underwriting.

It is necessary to state in the war clause that the incontestable clause is amended.

The clause may simply exclude coverage for war risks or allow the privilege of full coverage on payment of extras or allow only partial coverage (in everything except aviation) on payment of extras. It may be desirable to give full protection on only a small part of large policies. That can be arranged by including in the clause a provision to the effect that extra premiums may not be paid with respect to any portion of the sum assured in excess of the limits, any such provision being subject to the limited benefits provided by the war clause. The provision covering payment of extra premiums should make it clear as to the date when the first extra is payable and also the matter of renewal. He said it is desirable to mention in the war clause that the extended insurance provision is canceled if extras are paid.

He said he favors the type of clause that gives a return of all premiums with 3 percent interest plus cash value of additions, plus accumulated dividends on deposit, in case of death under excluded circumstances.

Mr. Richardson suggested the types of risk that require careful underwriting at

present. There are the foreign born applicants resident in the United States. Some companies are using a war clause on all foreign born applicants, irrespective of whether they are U. S. citizens. Others are using a clause on aliens only and others still are using a clause on all aliens except those who have taken first papers and have established permanent residence here and show no intention of returning to their native country. The conservative practice might be to place a war clause on all aliens, he declared.

There are the United States citizens traveling or residing abroad. The conservative course might be to permit no foreign travel at all except by land or air in North or South America. The more liberal attitude would be to permit travel to or residence in any part of the world except Europe although there might be danger in the near east. Each case will probably have to be decided on its merits.

Relief Organizations

There are members of relief organizations. The apparent intention of many states to limit restriction to two years makes it dangerous to insure, even with a war clause, any person who contemplates service with any auxiliary unit with the combatant forces. Some companies apparently intend to use the war clause on all members of relief organizations whether active or inactive. It is difficult, according to Mr. Richardson, to determine what constitutes "membership" in such organizations.

There are civil airplane pilots, student pilots and college students taking government aeronautics training courses. A war clause should be used on all these classes of risks, he declared. There are college students and the companies run a distinct danger of anti-selection here because students contemplating taking an aeronautics training course might first take out insurance and later enroll for the course. Some have estimated that the chance of a student taking the course might be as high as one in eight. There is at least a question as to whether college students should be given term insurance without an aviation clause.

As for applicants engaged in maritime occupations, war clause should be used in all cases, he said.

As to members of the U. S. army, navy, marine corps and coast guard and students at West Point, Annapolis and at the coast guard academy, the general practice is to impose a war clause which gives full coverage for war service in the United States or Canada.

Unless military service of all kinds is excluded, he expressed the belief that the companies would require to limit the amount of insurance on this class to an amount of perhaps \$5,000 or whatever the company would contemplate taking on a case presenting immediate lower risks.

A somewhat more lenient view may

be taken of National Guard and reserves of army, navy, marine corps and coast guard, including members of the C. M. T. C., R. O. T. C. and officers reserve corps. However, if any of these cases are taken without a war clause the amount should be limited to such a figure as \$5,000, he suggested. A conservative practice would be imposition of a war clause on all.

So far as the members of the CCC are concerned, it is suggested that these people would be the first to be drafted and if that is true they should not be insured without a war clause.

If the company uses the war clause giving the insured the right to obtain coverage for war risk on payment of an extra, the amount issued under such a clause should be limited to say, \$5,000.

Inflation and War

Mr. Richardson predicted that if this country gets into the war on a large scale, inflation would be almost inevitable and this would result in an increase in operating expenses, combined with a decrease in business. This, he said, presents a sound argument for investment of a limited portion of the assets in equities, perhaps a maximum of 10 percent. That is prohibited by the laws of many states, however. There would probably be substantial increases in taxation. War financing would quite likely result in considerable pressure on the life companies to purchase government securities, "whether they liked it or not."

Ohio National Theories

Mr. Richardson's paper was discussed by W. H. Harrison, actuary of Ohio National Life. He stated that Ohio National at present is relying mainly upon underwriting or selection methods in eliminating any undue war hazard. This applies particularly to members of military organizations and to foreign residents of the United States as well as to those contemplating traveling outside of the geographical limits of North America.

Richard Learson, actuary of Western & Southern Life, explained that contracts of his company had contained exclusion provisions for some time. Others who took part in the discussion included Chester Sullivan, actuary, and Emerson Reilly, assistant actuary Midland Mutual Life, and Assistant Actuary MacCampbell of Ohio State Life.

M. R. Dodson, assistant actuary of Ohio National, pointed to the danger of issuing policies to private pilots or those contemplating aviation activities. He expressed doubt that an aviation exclusion rider could protect the company in the event the insured eventually saw active war service and met his death during the war. Even though an aviation exclusion rider is being attached to policies issued to Ohio National applicants engaging in aviation, the company is

NATIONAL RESERVE LIFE INSURANCE CO.

Topeka, Kansas

Capital Stock . . . \$550,000
Surplus . . . 559,000
Contingency Reserve . . 200,000

Operating under the Kansas
Compulsory Deposit Law.

GENERAL AGENCIES OPEN
FOR GOOD PRODUCERS.

Write:

T. A. LONAM, Vice President
Agency Director

limiting the amount of insurance that it will issue to such individuals to about one-fifth of its normal maximum retention. Mr. Dodson is president of the Cincinnati club.

American Institute Discusses Clauses, Interest Rates

(CONTINUED FROM PAGE 2)

"engage in military service, etc." The courts seemed to hold that the character of the service being performed by the individual at the time of his death and not his status was determinative. For instance, the courts held that death by influenza was not excluded. Neither was death from accidental gun shot wound while in training. In general, he said, the further removed from the firing line, the narrower the construction by the court of the war risk clauses.

Recent clauses that have been put forward take into consideration time, place and occupation, he said.

Lincoln National Decision

Lincoln National has introduced as a temporary measure the underwriting rule that it will retain only \$5,000 net on members of the active or reserve list of military and naval forces; air pilots and members of the Civilian Conservation Corps. That was done merely to relieve immediate pressure of anti-selection. Lincoln National is filing a war clause for restrictive use in certain types of risks. Approval has been received from most states but one commissioner has stated that he will go no further than permitting a war risk clause that excepts coverage for service in the military or naval forces or auxiliary units of foreign countries at war and travel within geographical limits specifically designated.

T. A. Phillips Gives Views

T. A. Phillips, president of Minnesota Mutual Life, pointed out that after the outbreak of hostilities bonds went down and stocks went up. However, that movement subsequently was reversed, indicating that those with money to invest are convinced that there is to be no profit in this war, at least not in this country. This phenomenon, he said, explodes the theory that big business desires war for its own gain.

Less money is being used in productive, speculative markets, than was at first expected and more money is seeking the security of the bond market than was expected. The effect on interest rates is likely to be less than was anticipated.

War does make for highly speculative markets, Mr. Phillips pointed out. It clouds the visibility. Sudden reversals are precipitated. He suggested that observers avoid too much concentration on any one idea as to how the situation will turn out. The influences of war, he declared, may be greater than the influences of managed economics. He said he expects some slow rate of progress in interest rates but that the timing is decidedly uncertain.

He endorsed the idea of Mr. Evans that insurance is benefited by stability of interest rates. Insurance is the greatest stabilizing influence in the country. It is the stabilizer of employment and is perhaps the greatest influence in stabilizing interest rates.

Responsibility of Government

Ross Moyer, Continental Assurance, pointed out that as a result of competition, most of the companies removed from their contracts all restrictions of war hazards that were introduced commencing in 1917. The mortality of the last war was inconsiderable, he declared. He said that the business should have some simple restriction as a permanent part of its contracts. War losses to a considerable extent should be borne by the country itself and not by the individual alone. That was recognized by the issuance of federal war risk insurance.

Any restrictions that are presently

adopted by United States companies, he said, would not be applied universally. Uniformity in clauses is not particularly needed today, he declared.

Some of the clauses that have been brought out exclude death while enrolled in armed forces other than those of the United States while others apply to all armed forces. Some of the clauses run for the life of the policy and others are limited as to time.

Mr. Moyer expressed the belief that some restrictions should be applied to foreign born persons on the theory that the various belligerents will try to recall their nationals. Also there should be restrictions where the applicant is applying in anticipation of engaging in war service. An eye should be kept on young applicants without dependents.

Continental Assurance filed war risk clauses a few weeks ago, he said. The company does not intend to use them to any great extent. They are desired merely as an underwriting measure under certain circumstances.

Aviation In Colleges

The aviation hazard, Mr. Moyer said, becomes important with the development of aviation training schools in the colleges and universities. Also some of the pilots in this country may join the air forces of other countries.

Attempts to restrict the benefits in connection with travel and residence in regions subject to war hazard may prove to be nonenforceable beyond the contestable period, he said.

M. B. W. Batho, assistant actuary of the Illinois department, reviewed the various clauses that have been submitted to his office for approval. Twenty-three companies have submitted a total of 36 clauses, he said. Ten have been approved, 12 have been disapproved and the others are pending. Thirty-five of the clauses deal with military and naval service. Twenty-six deal with the risk of residence or travel outside of the United States or the United States and Canada; 19 relate to aviation exclusion; 17 exclude death from any cause while in military service; five exclude death caused "directly or indirectly" and one excludes both.

Ten of the clauses are effective for five years after the date of issue and in 13 there is no time limitation.

Twenty-two exclude military activity outside of the continental United States. Seven of these mention Canada. Five are limited to military service in countries other than the United States. Eight apply to any country engaging in war. Thirteen of the clauses are extended six months after the termination of service and exclude benefits on account of death from any cause during that period.

Travel Provisions Limited

The travel provisions are limited in most of the proposed clauses to the contestable period. One company sought to extend the travel limitation for a period of five years and one company had no limitation as to time. The department disapproved both of these clauses.

Insofar as aviation exclusion is concerned, there is a great variety of provisions. Three of the clauses exclude aviation death except as a fare paying passenger, etc., inside the United States. The clause, he said, can't be approved under the Illinois law.

Ten of the clauses provide for paying extra premium for full coverage except aviation.

Bruce Shepherd, Life Presidents Association, said that there are very few statutory impediments to the issuance of war risk clauses and that the departments should give approval to the use of these riders on the same basis as they approve aviation riders.

F. H. Holsum, Metropolitan Life, told something of the precautions being taken by his company in connection with group policies in Canada. In new group policies, there is a rider fixing the termination of employment as at the moment of entry into military service in time of war.

He predicted that there may be a

higher mortality on regular group business because of the departure of the healthiest persons for war.

A discussion on the practices of Prudential that had been prepared by Pearce Shepherd was handed in.

R. A. Hohaus, Metropolitan Life, president of the Institute, remarked that apparently the only type of contract that is not affected by the war is the annuity.

Sixteen members of the John A. Ramsay agency of the Connecticut Mutual Life in Newark attended the Princeton-Harvard football game last Saturday as the result of a two months' "football production campaign." George Munsick, financial secretary; Dr. H. B. Rollins, associate medical director, and G. C. Coulsen, assistant superintendent of agents, were guests of Mr. Ramsay.

The Anderson Home Life, Anderson, Ind., has changed its name to **Progressive Life**.

Defeat of Dole Schemes Meets with Approbation

The insurance fraternity is delighted over the defeat of the dole pension plans in Ohio and California, which are regarded as fantastic, uneconomic and exceedingly dangerous. The proponents of the plan in California spent some \$600,000 to promote it. It was a pension scheme to pay \$30 every Thursday to persons over 50 years old who had retired from active work. It was to be in the form of a constitutional amendment and would be financed with script on which users would have to add a 2-cent stamp each week to make it valid. In Ohio the sponsor of its plan was Rev. H. S. Bigelow of Cincinnati. It proposed to tax land and incomes to guarantee \$40 or \$50 a month to every retired person over 60 years of age.

Send \$1 to National Underwriter for Social Security Slide Rule.



—Gendreau

Basing Retirement Incomes On Social Security Benefits

For many a man who has been unable to contemplate the oncoming years without dread, Social Security benefits change the whole aspect of things.

They open the way to providing a retirement income that will make leisure years a period to be looked forward to with keen relish.

Unless supplemented by other income, however, they are not sufficient in most cases to allow a man with employment to give it up.

So sell retirement incomes to your clients so that they will not be obliged to forego their Social Security benefits. The outlay required will be smaller and the thought of making it more familiar than in the past.

Connecticut General Life Insurance Company
Hartford, Conn.

EDITORIAL COMMENT

Effective Method of Advertising

A VERY effective system of local advertising and one that is attracting wide attention in his community is conducted by C. V. SHEPHERD, general agent of the NATIONAL LIFE OF MONTPELIER, Vt., at Cedar Rapids, Ia. He secures interviews with prominent men in the locality, asks some leading questions regarding life insurance and then prints the inquiries and their replies in the form of an advertisement, running a series in the daily papers of his town. This publicity gets away from any conventional form and naturally attracts attention.

Among the questions that he asks are: "When did you buy your first life insurance and why? What type of policy would you recommend the young married man to buy? What do you consider the

outstanding development in life insurance in recent years? What do you think of tax avoidance or tax savings plans that are accomplished in accordance with the law? What impression have you gained in your experience as to the interest of people in public affairs? Has the increasing cost of government stimulated people's interest in public matters?"

For instance, during Annual Message Week the interview was with Lieutenant Governor B. B. HICKENLOOPER of Iowa who resides in Cedar Rapids. Mr. SHEPHERD heads the series with "They Tell Me," with a sub caption "By the Inquiring National Life Man."

We recommend this form of advertising for the daily papers as it is unique and carries a real message.

Blowing Hot and Cold for Federal Control

THE SPECTACLE of a New Deal agency—the SECURITIES & EXCHANGE COMMISSION—extolling the profit motive to the skies and sneering at a missionary spirit which seeks to spread the protective mantle of life insurance as widely as possible is so incongruous as to make insurance men wonder more than ever what is behind the SEC's "objective study" of life insurance.

According to the humanitarian, social-consciousness principles professed by the present administration, it would have been more appropriate for the SEC counsel, GERHARD GESELL, in questioning President T. I. PARKINSON of EQUITABLE SOCIETY at the latest hearings to have given that company the greatest possible credit for its policy of nation-wide service to the public—for what Mr. PARKINSON called the missionary spirit.

Instead of excoriating the EQUITABLE for the slightly higher cost of operations that this system necessarily involves, the SEC, unless it has lost its New Deal franchise, should have been the last to object to something so socially desirable as the widest possible sale of life insurance to the public just because the cost would be a little higher than on a more restricted basis.

To understand the extent to which the SEC can mold data to suit its purposes, blowing hot or cold as best furthers its ends it is only necessary to imagine what would have happened had an agency executive of a major company made some of the replies which GESELL received with such evident approval when Vice-president ARTHUR COBURN of the SOUTHWESTERN LIFE made them.

Suppose the larger companies were all stock rather than mainly mutual and that GESELL and the other interrogators had elicited the following replies not from Mr. COBURN, as was actually the case, but from the president of one of these big companies:

"Have you ever given any consideration to going outside of the territory in which you now do business?"

"We have."

"Why have you decided not to do so?"

"Because we were writing so much business where we are."

"Well, I take it you could write more if you went outside."

"We think it would be unwise to write more business than we are now writing."

"I take it, then, that you do feel that there is some advantage to a company which keeps its operations from growing too extensive."

"It is more profitable not to grow too fast. You make more money."

"What about it from the point of view of the policyholder?"

"I don't feel that we are under any obligation to the citizens of OKLAHOMA. We have never undertaken to render them any service. I don't think that OKLAHOMA is in any way jeopardized by the fact that we have not entered OKLAHOMA."

"We heard considerable yesterday about the missionary spirit in life insurance and the desirability of carrying its message throughout the land as a public service. I take it you are not in accord with that."

"Our board of directors does not have a missionary spirit."

"... As I understand it, the moves

that you have made . . . in improving your recruiting, selection, training, and so forth are primarily because you feel that those improvements will be profitable to your company."

"Definitely."

"Your primary interest, as I would understand you, is to your board of directors and your stockholders."

"It must be so."

If the foregoing answers had been given by the president of this hypothetical large stock life company, would the questioners have gone on from that point—as they did with Mr. COBURN—to bring out that emphasis on stockholders' profits is consistent with serving the public? Or would

they have held him up to scorn as lacking in a sense of social responsibilities because he restricted his company's writings to the point that would bring the maximum profits to the stockholders? Would they have praised him, as GESELL praised Mr. COBURN, for his "horse sense approach" or would they have asked him in skeptical tones how he could be so sure that emphasis on profits was necessarily in the public interest? If anyone has any doubts about the answer, let him read the record. He would be forced to conclude that the SEC is less interested in really helping life insurance to progress than in seizing on every expedient pretext to promote federal control of insurance.

PERSONAL SIDE OF THE BUSINESS

Commissioner W. A. Sullivan of Washington, who was injured in an automobile accident Oct. 24, expects to be back in his office within a couple of weeks. He was driving from Olympia to Tacoma when he suffered a fainting spell. His car crashed into a parked automobile, severely damaging both machines. Mr. Sullivan sustained a broken rib, face cuts and bruises.

D. N. Cameron of Cameron & Carroll, general agents of the Northwestern Mutual Life at Oshkosh, Wis., observed his 50th anniversary with the company. He started in the office of H. A. Hobart in 1889, the latter then being district agent. Mr. Cameron sold insurance for several years. He became a partner in the district agency and in 1896 was made district agent. Thirty-two years ago he became general agent for central Wisconsin. Marue Carroll is now his associate.

F. A. Lichtenberg, Columbus, O., general agent Massachusetts Mutual, this week commemorated his 35th anniversary with that company. He started with the Massachusetts Mutual in Springfield and in 1908 was made manager in Columbus. He was the first president of the Life Underwriters Association of Columbus and has been one of the leaders in the state association.

A. A. Zinn, vice-president and manager of the mortgage loan department of the State Life of Indiana, who has been in California for three weeks inspecting mortgage loans in that territory, has returned to the home office.

W. L. Wadsworth has been given the 25-year service medal of the New England Mutual Life for his long years of service in the M. G. Summers home office general agency in Boston. He has long been active in the Boston Life Underwriters Association and is president of the Boston Life Supervisors Club.

On his birthday, a group of his friends honored F. P. Sears, president Columbian National Life, with a party. Company officials, department heads and directors attended.

Philip Hewes, who was formerly connected with the Sales Research Bureau and was editor of the "Managers Magazine," and who lately has been in public life, has returned to the insurance business with the Hartford branch of Connecticut General Life. While with the Research Bureau he served as a

member of the Connecticut legislature. Subsequently he became executive secretary of Governor Cross. His father is M. L. Hewes, chairman of Standard Fire of Connecticut.

Will B. Chambers, secretary of Bankers National Life of Montclair, N. J., has been elected president of the Commercial Athletic Association of Montclair. Raymond D. Shepard, vice-president of Bankers National, has been elected vice-president of the Chamber of Commerce & Civics of Greater Montclair. He is also a member of the board of adjustment of Montclair.

"Fort Wayne's 49 Families," an article appearing in the November "Readers Digest," outlines the novel rehousing program originated and administered by W. B. F. Hall, second vice-president of the Lincoln National Life and chairman of the Fort Wayne housing authority. Mr. Hall's plan, designed to meet the needs of the lowest income groups, rehouses families with monthly incomes of \$60 or less in new houses at no additional cost either to the families or to the taxpayers.

E. C. Swanson, district manager Equitable Life of Iowa, Fort Dodge, Ia., has been ordered to the Army Industrial College at Washington, D. C., for two weeks training in army industrial mobilization. He is a captain in the army reserve officers corps.

Floyd E. Maytubby, for four years an agent of the Occidental Life and two years with the Travelers in Oklahoma City, has been appointed governor of the Chickasaw Indian tribe in Oklahoma. Mr. Maytubby is a quarter blood Indian whose father and grandfather served on the council of the tribe.

R. O. Hooker, actuary of the Connecticut department, has been retained as consulting actuary for the town of Milford in connection with a retirement system for town employees.

Fremont South, Des Moines manager Sun Life and president of the Des Moines Association of Life Underwriters, is in Montreal for a ten-day visit at the home office.

New York Life men in the southern department are paying special tribute to Inspector of Agencies Robert Lee Cooney of Atlanta, who on Nov. 8 celebrated his 60th anniversary with the company. He was born Feb. 5, 1865, and was 14 years of age, when in 1880,

THE NATIONAL UNDERWRITER



Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson

EDITORIAL DEPT.: C. M. Cartwright, Managing Editor. Levering Cartwright, Assistant Managing Editor. News Editors: F. A. Post, C. D. Spencer. Associate Editors: D. R. Schilling, J. C. O'Connor, H. E. Green, Jr.

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LIFE INSURANCE EDITION PUBLISHED EVERY FRIDAY

Blvd., CHICAGO. Telephone Wabash 2704

PHILADELPHIA OFFICE—1127-123 S. Broad Street. Telephone Pennypacker 3706. W. J. Smyth, Resident Manager.

SAN FRANCISCO OFFICE—507-S-9 Flatiron Bldg., Tel. EXbrook 3954. F. W. Bland, Res. Mgr.; Miss A. V. Bowyer, Pacific Coast Editor.

Subscription Price \$3.00 a year in United States and Canada. Single Copies, 15 cents. In Combination with The National Underwriter Fire and Casualty, \$5.50 a year. Entered as Second-class Matter June 9, 1900, at Post Office at Chicago, Ill., Under Act, March 3, 1879.

he joined the New York Life as an office boy in the New Orleans branch. In 1885, he became cashier at Atlanta and in 1895, at the age of 30, he was appointed agency director. He became inspector of agencies in 1900. He has rendered distinguished service and is known for his great loyalty to the company.

L. A. Cerf, Jr., who has recently become general agent of the State Mutual Life at 90 John street, New York City, is secretary of the class of 1919 of Princeton University, of which he is a member.

Lieut. Col. J. G. Emery, Michigan insurance commissioner and former national commander of the American Legion, addressed more than 300 Elks and their friends at South Bend, Ind. Col. Emery, a world war veteran and the recipient of numerous military honors, spoke on the international need for men who will cooperate in the solution of the problems facing the people of all nations. A large delegation of South Bend insurance men was present.

T. N. Whitehurst, general agent Pan-American Life, has been reelected president of the Beaumont (Tex.) Tuberculosis Association.

Miss Harriet Fisher, daughter of Claude Fisher, general agent Connecticut Mutual Life, Des Moines, was married at Excelsior Springs, Mo., to H. L. Lockwood, claims attorney for American Mutual Liability.

DEATHS

Mrs. L. E. Zacher, wife of the president of the Travelers, died last week at her home after a long illness. In addition to President Zacher, there survive a son, L. E. Zacher II, a daughter, Mrs. Betty Zacher Fahnestock.

George E. Decker, who served as president of the old Register Life of Davenport, Ia., from 1924-1933, died in Cincinnati at the age of 66. He had been ill for some time. He entered the practice of medicine in Davenport in 1897. At one time he was a member of the Iowa State Board of Health.

Thompson Henderson, 57, Opelousas, La., farm manager for the United Life & Accident, died from a heart attack while driving home from Shreveport.

T. C. Bell, 75, formerly inspector of agencies for the southern department of the New York Life with headquarters at Richmond, died at his home in Norfolk, Va. He started as a producer in 1896 in Dallas. In 1905 he became agency director at San Antonio. He was steadily promoted through positions on the Pacific Coast and in the south until 1910 when he became inspector of agencies for the southern department. He was retired in 1931.

A. H. Ellis, 75, veteran Omaha life insurance man, died there. He was with Metropolitan Life more than 25 years, and more recently has represented the Bankers Life and Mutual Benefit Health & Accident.

ATTENTION! HOME OFFICES

Middle-aged general agent for large Life and Accident and Health Company for past 18 years is considering a change. He is a college graduate, a C. L. U., uses modern methods of induction, selection, training and supervision of new agents, has appeared as speaker on many insurance convention programs, is author of beginner's training course and sales plans, experienced in agency sales meetings and contests, has had experience and knows the problems of both Company and Field, owns his own home and has accumulated some money.

Has preference for position as traveling agency supervisor or educational director. If interested address K-73, The National Underwriter, 175 W. Jackson Blvd., Chicago.

COMPANIES

Illinois Report on the Union Life of Chicago

The Illinois department has released its report of the examination of the Union Life, an assessment legal reserve company, with offices at 6 North Clark street, Chicago. It has assets \$12,504 and surplus \$1,104. The report says the present cash position is deemed adequate for current operating demands but in light of the nonliquid condition of the investment portfolio, safeguards should be taken to maintain ample cash resources. The mortality ratios have been favorable in each of the years under review but savings have not been sufficient to offset the high administration and agency cost, the report says. The report is made as of Sept. 1. To maintain a position of solvency guaranty fund certificates of \$46,350 have been issued since June, 1937. The company took over the Union Mutual Benefit and Beacon Mutual Benefit. It wrote accident and health until July 11, 1939, when its business was reinsured by the Bankers Life & Casualty of Chicago.

J. J. Miller, president, is the chief salaried official. It operates only in Illinois. All its business is written through Union Life Agency, Inc. Compensation with this agency is based on premium volume. On first year business on monthly premium contracts the agency gets 100 percent of the application fee, 100 percent of the first month's premium and 75 percent of the succeeding 11 months premium. On annual premium contracts it gets 90 percent of the first year's premium, on newspaper contracts 100 percent of the first month and 65 percent of the succeeding 11 months premium. On renewal business, monthly and annual premium, it gets 15 percent for an unlimited premium period and 10 percent on newspaper contracts.

Its life premium income the first eight months was \$31,754 and total \$51,084, including \$19,200 guaranty fund certificates. The accident income was \$4,566 making total \$56,340. The disbursements in both departments were \$56,540. It had insurance in force Dec. 31, \$1,476,046. It wrote during the eight months period \$3,922,783 and revived \$163,615. Its insurance in force Sept. 1 was \$4,074,579.

Old Line Life Shows Gains in Business and Assets

MILWAUKEE—New life insurance business of the Old Line Life of America increased 19 percent the first nine months as compared with last year. New accident and health premiums gained 38 percent. Life insurance in force Sept. 30 was \$79,699,683, a net gain of \$1,197,467 for nine months as compared to the entire year 1938. Admitted assets reached \$22,392,869, an increase of \$685,077. A substantial increase was shown in surplus.

Gross income was \$2,962,426, bettering the nine months of 1938 by \$203,228. Income from farm real estate was more than 25 percent over 1938. Real estate sales receipts were more than 60 percent above 1938.

Payments to policyholders and beneficiaries in the nine months totaled \$1,427,837, bringing total payments since organization to \$22,373,208.

President J. E. Reilly reports reinstatement of policies noticeably higher than in 1938.

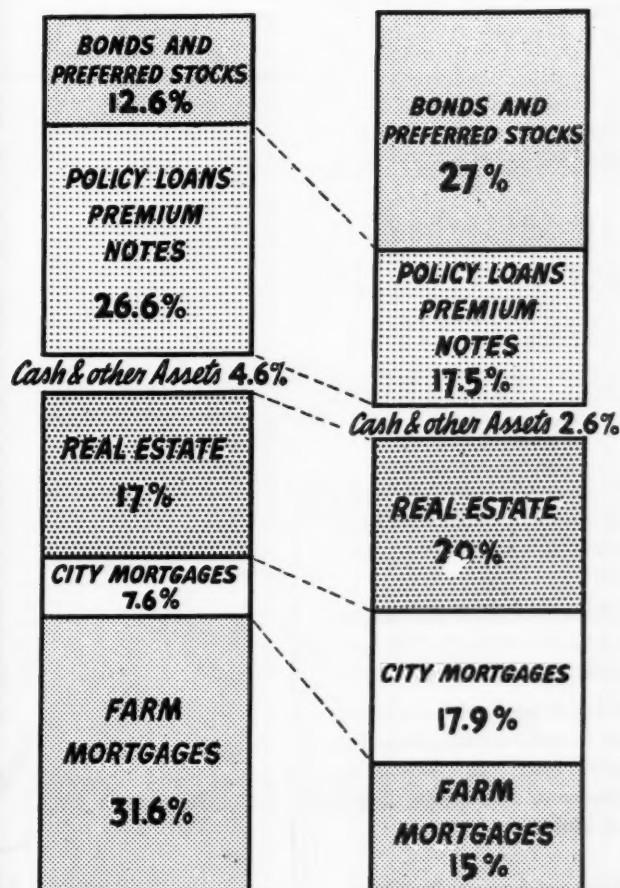
"This, in great part," President Reilly said, "we feel can be attributed to the fact that these policies contain no restrictions as to military service and are, therefore, felt to be more valuable under present circumstances."

Royal Highlanders Ruling Hit

LINCOLN, NEB.—Holding that the distribution of \$1,325,000 of the surplus assets of the Royal Highlanders ordered by Insurance Director Smrha would

The UNION CENTRAL BULLETIN BOARD

UNION CENTRAL'S INVESTMENT PORTFOLIO IS FLEXIBLE....TO MEET CHANGING CONDITIONS



Division of Assets by
type of investment as
of Jan. 1st

1935

Division of Assets by
type of investment as
of Jan. 1st

1939

hamper the best interests of the company, hinder its operation and thereby weaken the security for beneficiaries, the district court here held the order null and void. It says there is a serious question whether the department has any jurisdiction to make such orders, but as the case could be decided on other grounds, no finding was made on that phase.

Policyholder groups challenged the validity of the proceedings by which the fraternal was transformed into a mutual, but the court says that, having complied with all applicable laws, the Royal Highlanders is now a mutual legal reserve company, with all the duties, privileges and obligations of such a company; also that the fraternal policies remain the same as before the mutualization.

Big Production in Campaign for Nollen and Jaeger

A total of \$2,698,400 in new business has been produced by 20 of the 56 agencies of the Bankers Life of Des Moines in campaigns honoring President G. S. Nollen and W. W. Jaeger, vice-president. Each agency campaign covers a 30-day period. They do not run concurrently. At close of each campaign, those who have produced the business attend a special agency meeting. The campaigns will end in November.

W. F. Winterble, director of agencies, has been assisting Mr. Nollen and M. E. Lewis, superintendent of agencies, has been assisting Mr. Jaeger in conducting the meetings. Messrs. Nollen and Winterble have thus far held meetings in Mason City, Minneapolis, Mankato, Milwaukee, Madison, Appleton, Chippewa Falls, Chicago, Elgin, Sioux City, Omaha and Lincoln. Mr. Jaeger and Mr. Lewis have held meetings in Seattle, Helena, Spokane, San Francisco, Los Angeles, Denver, Salt Lake City and Portland.

Agency campaigns still are in progress in 36 agencies. Messrs. Jaeger and Lewis will resume their tour with a joint session of the Peoria, Decatur and Quincy agencies at Decatur, Ill., Nov. 13. Messrs. Nollen and Winterble will resume their schedule with a meeting at Grand Rapids, Mich.

Banner Year for Provident

With business conditions holding up during the final quarter, 1939 should prove another banner year for Provident Life & Accident, according to President R. J. MacLellan, who announces that the first three quarters have proved the most satisfactory as well as the largest in point of premium volume ever experienced by the Provident.

Gains as a whole show an eight percent increase in premium volume for the first three quarters. If a comparable premium volume rate continues throughout the remainder of the year, the total should exceed the \$8,000,000 mark for the first time in the Provident's history.

The Hearthstone Life of Indianapolis is issuing a home office bulletin, entitled "Sparks."

Big Fund to Bolster Buying

Should there be public announcement of the creation of an annual 2½ billion dollar fund to bolster buying power in this country it would be regarded as highly important news, yet there is such a fund in the form of life insurance payments each year to living policyholders, as well as living beneficiaries, George Dwight, Aetna Life, Burlington, told the American Business Club there.

STOCKS

H. W. Cornelius of Bacon, Whipple & Co., 135 South La Salle street, Chicago, gave the following stock quotations for life companies as of Nov. 7, 1939:

	Par	Div.*	Bid	Asked
Aetna Life 10	1.35*	31	33	
Central, Ill. 10	...	9	11	
Cent. States Life 5	...	1½	2½	
Colum. Natl. L. 100	...	68	72	
Conn. Genl. 10	.80	26	28	
Contl. Assurance 10	2.00	35½	37½	
Federal Life 10	...	4½	5½	
Great Southn. L. 10	1.30	20	23	
Kan. City Life 100	16.00	350	400	
Life & Cas. 3	.50	10	12	
Lincoln Natl. 10	1.20	27	29	
No. Amer. Life. 2	...	2½	3	
N. W. Nat. Life 5	.30	11	13	
Ohio Natl. Life. 10	1.25	27	29	
Old Line Life... 10	.60	10½	12½	
Sun Life, Can. 100	15.00	300	330	
Travelers 100	1600	435	445	
Union Cent. Life 20	1.20	20	25	
Wis. National... 10	1.00	16	18	

*Includes extras.

LIFE AGENCY CHANGES

Paul K. Adams to Connecticut Mutual

The Connecticut Mutual has appointed Paul K. Adams general agent in Minneapolis, succeeding E. L. Pickhardt, resigned.



PAUL K. ADAMS

signed. Mr. Adams began his life insurance career in 1924 and goes to the Connecticut Mutual from the Equitable of Iowa, where he has been assistant superintendent of agencies since 1936. In his first year as agent he paid for \$700,000. As general agent for the Equitable at Albany, he built his agency from scratch to a production unit of \$1,500,000.

Raisbeck Is Now General Agent at Milwaukee

Two general agency appointments have been made by Great Northern Life. C. C. Raisbeck, general agent at Wausau, Wis., has been promoted to head the Milwaukee agency, succeeding A. H. Tetting, who died last month. Mr. Raisbeck was appointed to the Wausau agency on June 1, 1938. Previously he was with the Travelers as supervisor for 12 years. It is not yet known who will succeed Mr. Raisbeck at Wausau. He will supervise the Wausau agency until a successor is appointed.

E. J. Kiefer, former assistant super-

intendent of agencies of Rockford Life, has resigned and opened a general agency for the Great Northern in Rockford in 605 Empire building. He was with Rockford Life for two and a half years and previous to that for two and a half years with the old Cedar Rapids Life. Previous to that he was with Missouri State Life.

Thompson Heads Chicago Agency of Union Mutual

L. W. Thompson has been appointed manager of the Chicago agency of Union Mutual Life. He takes the place left vacant by Samuel Leland, who resigned some time ago.

Mr. Thompson has been in life insurance work in Cleveland since 1929. He formerly was general agent of the Philadelphia Life. For the past 10 years he has been a personal producer with Phoenix Mutual. He has some acquaintance with Chicago, as he graduated from Northwestern University in 1918. He also attended Fenn College in Cleveland.

In addition to building up the Chicago agency, Mr. Thompson will devote some of his time to starting sub-agencies in the larger Illinois cities outside of Cook county.

New Agency at Cedar Rapids

Union Central Life has opened a new district agency at Cedar Rapids, Ia., with George B. Healey as manager. He was formerly district agent at Dubuque, Ia. Miss Marcia Gould, formerly at Grand Rapids, is cashier at Cedar Rapids.

Osborne to American National

Jack Osborne has resigned as district manager of the Lincoln National Life in Richmond, Va., to become Virginia manager of the American National of Galveston with headquarters in Richmond. The state office was recently transferred to Richmond from Norfolk, where J. L. Story was general agent. Mr. Story remains as general agent for the Norfolk area. R. F. Seay, with the Lincoln National in Richmond for some time as a producer, will succeed Mr. Osborne as district manager there.

Thorn to Columbian National

Craig Thorn has been appointed manager of the Great Northern Associates of Albany, N. Y., which represents the Columbian National Life there. A graduate of Dartmouth, Mr. Thorn is a C.

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SUN LIFE

ASSURANCE COMPANY OF CANADA

HEAD OFFICE

MONTREAL

SIXTY EIGHT YEARS OF PUBLIC SERVICE

L. U. and has been very active in association affairs.

Henderson Made District Manager

R. A. Henderson, has been appointed district manager of the New England Mutual Life at Sioux City, Ia. He represented that company during 1923-1936. He served as president of the Sioux City Association of Life Underwriters in 1929.

Great American Names Two

Dan C. Wyatt has been appointed field manager at Amarillo, Tex., and Floyd L. East, formerly of Oklahoma, has been appointed general agent at Harlingen, Tex., by the Great American Life of San Antonio.

E. D. Bostick, Jr., has been appointed supervisor of the Columbia, S. C., branch office of the Jefferson Standard Life, with offices in the Liberty Life building.

R. B. Cullen of the R. M. Stevenson agency of the National Life in Pittsburgh, has been promoted to supervisor.

The New York Life has appointed Richard K. Wilson agency organizer of its Central Branch in Chicago. Mr. Wilson has had four years of successful field experience with the New York Life. He attended the University of Chicago.

SALES MEETS

Hold Northwest Iowa Meetings

A detailed interpretation of the application of the amended social security act was presented to northwest Iowa representatives of the Northwestern Mutual Life at Sioux City. W. Ray Chapman, assistant director of agencies, and Scott M. Burpee, general agent there, had charge of the meeting. They also held a similar meeting at Fort Dodge, Ia.

Brock Addresses Agency Meeting

E. R. Brock of the J. E. Rutherford agency of the Penn Mutual Life in Des Moines addressed agency meetings in Grand Rapids, Mich., Detroit and Fort Wayne, Ind.

Parkinson in San Francisco

T. I. Parkinson, president Equitable Society, addressed agents of the northern California agency at a luncheon in San Francisco. All the agents in the territory under the jurisdiction of M. H. Casey of San Francisco were called into San Francisco to meet with Mr. Parkinson and Assistant Secretary A. P. Carroll, who is accompanying President Parkinson on a nation-wide tour.

Equitable Society personnel from Seattle and Spokane gathered in Portland, Ore. for the only scheduled Pacific Northwest visit of President Parkinson.

Aetna Life Holds Ohio Rally

More than 70 representatives of the Aetna Life from central, eastern and southeastern Ohio attended a two-day conference in Columbus. Vice-president S. T. Whatley and R. B. Coolidge, superintendent of agencies, were present. At the same time E. C. Deckard, general agent in Columbus, observed his 25th anniversary with the Aetna organization.

Holding Ohio Meetings

W. R. Chapman, assistant director of agencies Northwestern Mutual Life, and E. G. Fassel, assistant actuary, are attending a series of agency meetings in Ohio this week, covering the agencies of Merritt Mason, Toledo; R. P. Thierbach, Cleveland; Reynolds & Engel, Dayton, and Sterling Youngquist, Columbus.

Warren Lundgren, assistant director of agencies, will take part in a state district agents' meeting Friday at Mansfield, O., arranged by Frank Shot-

Bankers Life New Manager at Chippewa Falls, Wis.



W. A. GARNESS

W. A. Garness who has been appointed agency manager of the Bankers Life of Iowa at Chippewa Falls, Wis., has been supervisor of the Madison, Wis., agency, which he joined in 1934 after graduation from the University of Wisconsin.

well of New Philadelphia, O., president of the Northwestern Mutual Ohio District Agents Association. David Behling, home office agency assistant, will also appear on the program. Messrs. Chapman and Fassel will attend and take part.

Guardian Has Oregon Conference

Nelson Davis, Pacific Coast supervisor of the Guardian Life, held a conference in Portland, with Oregon representatives. He was the guest of Livingston Steadman, Oregon manager.

Erickson Agency's Meeting

The southern Minnesota agency of the Northwestern Mutual Life held its fall meeting at its headquarters in Mankato. It was attended by some 45 agents from all parts of southern Minnesota. W. R. Chapman, assistant director of agencies, attended from the home office, and had charge of the proceedings. S. A. Erickson is general agent.

War Motif Is Used in Sales Contest in Canada

Northern Life of Canada is currently running a colorful sales contest entitled "The Big Push of 1939." The contest is along military lines, each agency having the name of a battalion, with each salesman starting as a private and winning promotions through new business. An illustrated catalogue of prizes has been distributed. The prizes are listed by points.

A special feature of the contest is a "direct hit." This is a specially marked application which has been sent to each

field man. To score a "direct hit," he must get it completed by a certain date and if he does, the "direct hit" counts five extra points.

New Edition of Ohio Laws

Due to the numerous amendments to the Ohio insurance laws since their last publication in 1935, the Ohio department has published a new edition, completely annotated, with all amendments to date. There is a nominal charge of \$1.50 per volume, postage prepaid. Orders are being received by T. L. Woods, financial officer division of insurance, State House Annex, Columbus, O.

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EDWIN A. OLSON
PRESIDENT



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ILLINOIS

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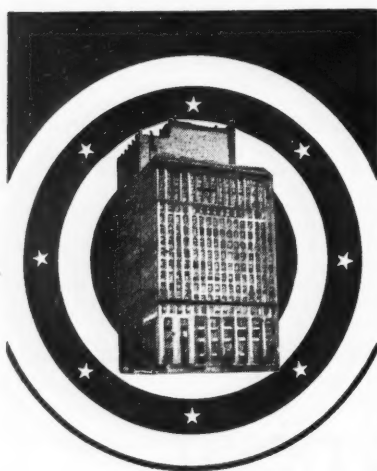
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DALLAS

THEO. P. BEASLEY - PRESIDENT

HOME OFFICE

TEXAS

AGENCY MANAGEMENT

Chicago Supervisors Elect Roy Elmer

Roy T. Elmer was elected president of the Life Agency Supervisors of Chicago at the annual meeting. George Huth, Provident Mutual, was named vice-president, and Robert J. Curry, Aetna Life, was elected secretary-treasurer.

Mr. Elmer has been with the New York Life for over 20 years and has had a varied experience. He started in the office and was cashier of the Dearborn branch from 1920 to 1926. He then became an agent and in 1929 he was advanced to agency organizer of the Clearing House branch. Last year he was transferred to the Central branch as agency organizer. He has been active in association work, having held a number of offices.

Philip B. Hobbs, Equitable Society manager in Chicago, who was chairman of the General Agents & Managers Section of the National association for two years, related the high lights brought out at the St. Louis meeting of the section.

Roy T. Elmer



Discuss Helping Older Men

The Portland (Ore.) Life Insurance Managers Association discussed "How to Help the Older Men." H. J. Merkle was chairman, assisted by T. J. Binder and E. K. Roth.

Michigan Congress Planned for Dec. 12

DETROIT — A sales congress for Michigan general agents, managers and supervisors will be held in Detroit, tentatively on Dec. 12, sponsored jointly by the Michigan State Association of Life Underwriters and Associated Life General Agents & Managers of Detroit. Suggested by K. W. Conrey, Penn Mutual general agent in Grand Rapids, president state association, the project was approved by the directors of the managers' association at the November board meeting.

Business sessions at which outstanding speakers will discuss pertinent topics of current interest to agency executives will be held in the morning and afternoon and the visiting executives will be invited to join the Qualified Life Underwriters at their monthly luncheon meeting at noon to hear Ernest H. Wilkes, vice-president Metropolitan Life.

Two hundred executives from the state are expected to attend, with 500 or more at the luncheon. E. P. Balkema, manager Northwestern National and president of the managers association, will be program chairman.

Exeter Talks on Recruiting

Hazen Exeter, Pacific Mutual Life, spoke on "Recruiting" at a meeting of the Utah Life Managers Association in Salt Lake City.

"In life insurance selling," he said, "recruiting is seeing a lot of men. 'Twisting' a life policy in another company is reprehensible and unethical, as also is the way some 'recruiting officers' in life insurance do proselytizing of agents among representatives of other companies, instead of men new to life insurance selling. In a community where you want a man, see a lot of men who can buy life insurance and keep up their premium payments. They are your prospective agents, but sell them a policy first."

S. A. Kent, Prudential, reported on the talks given at the St. Louis convention on "Selection."

Woodward Cites Gains in Texas

Commissioner Woodward of Texas, in addressing a meeting of the Houston General Agents & Managers Association, declared that life insurance has progressed far in the state since the famous Robertson law was passed more than 30 years ago. As of Dec. 31, 1908, insurance in force in Texas in all companies amounted to \$106,000,000, he recalled, whereas the most recent figures show the insurance in force to be \$3,205,000,000. Life insurance investments in Texas 30 years ago were \$8,000,000 and now they are \$596,000,000. In 1908 new insurance purchased in Texas amounted to \$48,000,000 and in 1938 it was \$735,000,000. Mr. Woodward said that the insurance department is not being financially hampered in its operations.

Special guests of honor were members of the Harris county legislative delegation.

The Life Insurance General Agents & Managers Association of Louisville has been incorporated.

The Milwaukee Life Managers & General Agents Association at the suggestion of President Hillis, Rhyen, will start a social bowling league.

Vice-president S. E. Mooers of Acacia Mutual Life is visiting his company's branches at Milwaukee, Minneapolis, Detroit and Pittsburgh, after having attended the Research Bureau-Agency Officers meeting in Chicago. Also attending the Chicago meeting was Vice-president L. K. Crippen.

POLICIES

State Mutual's Two New Contracts

State Mutual Life has brought out two new contracts, the whole life reduced at age 65 and the limited payment life reduced at 65. These are participating contracts. The level premium has been worked out at unusually low participating rates, due to the face amount at age 65 being reduced to \$500 per \$1,000 of original face amount.

The minimum policy for the whole life reduced at 65 is \$4,000 and for the limited payment life reduced at 65 is \$2,000, with minimum monthly premium \$10 in each case. Annual premium rates, with illustrative dividends on the 1939 basis are:

Premium Rates Per \$1,000					
Age	Whole Life Red.	Lim. Pay. Red.	Age	Whole Life Red.	Lim. Pay. Red.
20....	\$15.57	\$16.40	35....	\$21.39	\$23.84
21....	15.85	16.73	36....	21.95	24.61
22....	16.14	17.08	37....	22.53	25.44
23....	16.44	17.45	38....	23.15	26.32
24....	16.76	17.84	39....	23.80	27.26
25....	17.09	18.24	40....	24.48	28.27
26....	17.43	18.67	41....	25.20	29.36
27....	17.79	19.12	42....	25.95	30.54
28....	18.17	19.60	43....	26.75	31.81
29....	18.57	20.11	44....	27.59	33.19
30....	18.99	20.64	45....	28.47	34.69
31....	19.42	21.21	46....	29.40	36.33
32....	19.88	21.81	47....	30.38	38.13
33....	20.36	22.44	48....	31.41	40.11
34....	20.86	23.12	49....	32.50	42.29

DIVIDENDS END OF YEAR

Whole Life Reduced at Age 65

Age	1	5	10	20	Accu. 20 Yrs.
20....	\$3.67	\$3.92	\$4.25	\$4.87	\$113.47
25....	3.89	4.18	4.56	4.87	119.60
30....	4.17	4.48	4.77	4.97	124.48
35....	4.47	4.70	4.76	5.30	128.75
40....	4.66	4.69	4.88	5.94	134.27
45....	4.63	4.84	5.29	6.73	144.54
49....	4.81	5.18	5.93	5.80	161.32

Limited Payment Reduced at Age 65

Age	1	5	10	20	Accu. 20 Yrs.
20....	\$3.68	\$3.95	\$4.33	\$5.05	\$115.55
25....	3.91	4.24	4.66	5.12	122.59
30....	4.20	4.56	4.92	5.37	128.93
35....	4.50	4.81	4.99	5.90	135.51
40....	4.71	4.87	5.27	6.88	144.87
45....	4.72	5.15	5.94	8.22	162.02
49....	4.96	5.67	6.93	4.10	163.37

National Life Maintains Dividend

The National Life of Vermont announces the continuance of its present dividend scale on all premium-paying forms of insurance and retirement annuities for 1940. Dividends on fully paid up forms will be reduced in 1940, through a readjustment of the interest factor, on account of the distinct downward trend of interest rates in recent years. The basis of surplus interest distribution on participating funds held remains the same, 3½ percent.

Confederation Life Dividends

The Confederation Life of Toronto announces that annual dividends falling due during the first six months of next year will be paid on the same scale as 1939. Bonuses under the new standard series will continue during the first six months at \$20 per \$1,000 on life and limited life, and \$17 on endowments. The Confederation Life during the war is adopting a semi-annual declaration of dividends so that it can review its position more than once a year.

Powell Addresses Claim Men

BOSTON—President John M. Powell of the Loyal Protective Life, addressing the opening meeting of the Boston Life & Accident Claim Association, said there is a constantly increasing public interest in health problems. He urged the claim men and adjusters to handle claims so that the companies' esteem would be increased and insured become more enthusiastic about increased health and accident coverage.

Bert C. Nelson, Northwestern Mutual Life special agent in Milwaukee, has published an 80-page book entitled "Sign Here," which sells for \$1.

NEWS OF LIFE ASSOCIATIONS

Commissioner Lauds Replacement Pact

LANSING, MICH.—Commissioner Emery of Michigan in an address before the Lansing Life Underwriters Association praised the 93 life companies that have signed "a replacement agreement that will do more toward protecting policyholders' present insurance than can any regulations of an insurance department." He said replacement raids are in a large degree failing. A recent survey revealed that 88 percent of the policyholders approached with a proposal to replace their coverage decided to continue their existing insurance in force.

The commissioner who spoke on "Trends," said a present trend in life insurance is toward greater emphasis on annuities, both for the insuring public in general and as a partial compensation for agents. Another very marked trend, he said, is toward provision of an improved educational background for the life man through such facilities as the American College of Life Underwriters.

The infrequency of failure among life companies, with the insolvency record lower than that of any other business, is a strong argument, he said, for the present system of state supervision rather than rigid federal government control.

Kenneth Conrey, Grand Rapids, president of the state association, also backed the present state supervisory system against federal regulation but declared that all sound companies and their representatives welcomed the TNEC investigation, inasmuch as companies and agents "want to know if anything is wrong."

H. J. Henry, president Lansing association, conducted the meeting.

Regional Congress at Mason City

The program is announced for the regional sales congress at Mason City, Ia., in which will participate Sioux City, Waterloo, Des Moines, Fort Dodge and Marshalltown. Roy L. Bailey, Bankers Life of Iowa, president of the Mason City association, will preside. Speakers include Karl E. Madden, Penn Mutual, Davenport, trustee of the National association, "Showmanship in Salesmanship"; L. S. Broadbudd, Guardian Life, Chicago, "Simplified Prospecting"; H. A. Hedges, Equitable of Iowa, Kansas City, national trustee, "Sales Strategy"; T. H. Tomlinson, assistant superintendent of agencies Bankers Life of Iowa, "Philosophy of Life and Living"; W. K. Niemann, Bankers Life of Iowa, and secretary of the Iowa State Association, "Why the Life Underwriters Association?"

Minnesota "Booster Trips"

ST. PAUL—First of a series of "booster trips" will be made by the Minnesota Association of Life Underwriters Nov. 16 to Rochester, where a large meeting of life agents in that area has been arranged.

Heading a delegation of a score or more of prominent Twin City life men will be Hiram Moore, president of the state association. He called a meeting this week of Twin Cities men interested in making the trip.

Other "booster trips" are being tentatively planned to Mankato, Duluth, St. Cloud and Faribault. All will precede the annual sales conference of the state association for the last week in January in St. Paul.

Buffalo—A get-together meeting of the public relations committee of the life underwriters and managers associations with some 50 program chairmen of Buffalo civic organizations will be held Dec. 6.

Milton Sherman, general agent Connecticut Mutual Life, will be the speaker.

Zimmerman Starts on 44-State Tour

Charles J. Zimmerman, Chicago, president National Association of Life Underwriters, next week starts a series of local association visits that will carry him into 44 states before the close of his administration.

His first trip includes talks before the associations at Syracuse, Utica, Albany and Boston on Nov. 14, 15, 16 and 17, respectively, to which policyholders will be invited. In each instance representatives from nearby associations will be present to hear the national president address the local group and to join in directors' conferences with Mr. Zimmerman.

In most of his visits during the year, Mr. Zimmerman will address general agents' and managers' groups as well as local and state associations. His only other engagement in November will be an address before the Women's Finance Forum in Chicago on Nov. 30. In December he will embark on southern and eastern trips.

Hold South Dakota Sales Congress

HURON, S. D.—Sixty-five life insurance men from over the state attended the annual sales congress here of the South Dakota Association of Life Underwriters.

Speakers were: H. A. Hedges, Kansas City, National association trustee; R. L. McCoy, G. J. Lucas and F. G. Rollinger, Sioux Falls; Commissioner Dunn of South Dakota; J. A. Norris and Joe Goodrich, Aberdeen.

Earl W. Lemonds, Sioux Falls, president of the South Dakota association, reported on the national convention. The 1940 meeting will be held in May in Rapid City.

Tennessee—Knoxville will be host to the sales congress next spring, according to H. W. White, state president. C. J. Zimmerman, National association president, will be the principal speaker. The date has not been set definitely.

Portland, Ore.—The association will vote at a special closed meeting later this month on a resolution urging denial of licenses to other than full-time agents in Portland. Vote was postponed at the meeting last week to permit further discussion and the submission of a written copy of the proposed resolution to each member for study. In its tentative form,

the resolution asks that the insurance commissioner interview each applicant for license, with a view to determining whether the applicant would devote full time to the insurance business.

Northern New Jersey—R. L. Mason, assistant to the president of the Standard Oil Co. of New Jersey, will speak Nov. 13 on "Employer-Employee Relations."

San Francisco—Speakers at the luncheon meeting of the women's division were Miss Dora Olinsky, Equitable Society, member of the Quarter Million Round Table, who discussed "My Working Day." Mrs. Nell Taylor, Equitable,

"Helps I Have Found Along the Way," and Mrs. Katherine Noble, Penn Mutual Life, "The Merits of a Plan." Mrs. Genevieve MacIver of the Equitable prepared the program and served as chairman. The December meeting will be in charge of Miss Florence Calderwood, Massachusetts Mutual Life.

Boston—Greetings will be extended to President C. J. Zimmerman of the National association at a luncheon meeting Nov. 17. He will speak on "Today and Tomorrow."

Kalamazoo, Mich.—Changes in the social security act as they affect insurance and recent legislation in Michigan af-

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New York, supervisor of agencies, spoke.

Manager C. W. Dietz of the Colonial Life in Jersey City has rounded out 25 years of continuous service with the company.

NEW YORK

ALK TO ADDRESS LEAGUE

Benjamin Alk, Penn Mutual, president New York City Life Underwriters Association, will be the principal speaker at the dinner meeting of the League of Insurance Women, Nov. 14, at the Woman's City Club, 630 Fifth avenue. Other speakers will be Miss Beatrice Jones, Equitable Society; Mrs. Lillian Joseph, Home Life of New York, and Miss Hermine Kuhn, Equitable Society.

MRS. LOHEED CHAIRMAN

Mrs. Bertha Loheed has been appointed chairman of the New York City Life Underwriters Association's committee for cooperation with women agents. Discussing the association's plans, Mrs. Loheed said that the organization plans to do all in its power to further the interests of life insurance to those who sell it and that it should have the cooperation of all women agents.

VASH YOUNG, HOWELL, TO SPEAK

Vash Young, Equitable Society's famed million-dollar producer, and John D. Howell, of the J. Elliott Hall (New York City) agency of the Penn Mutual Life, will address the New York City Life Underwriters Association meeting Nov. 16. Mr. Young will talk on "When the Going Is Rough." Mr. Howell's topic will be "Helping Yourself Through Helping Others." He will conduct a question and answer session after his talk. It will be a dinner meeting at Hotel Pennsylvania.

TWO OFFICES ARE COMBINED

The I. A. Lewis Agency has now been consolidated with the A. Rosenstein Agency of the Equitable Society in New York City. Mr. Rosenstein is in charge of the combined agency as agency manager and Mr. Lewis is associate agency manager. Mr. Rosenstein is planning to remodel and enlarge his present quarters in the home office building.

TO TALK ON PENSION TRUSTS

C. Preston Dawson, general agent New England Mutual, New York City, will speak on Pension Trusts at the New York City Life Supervisors Association's meeting at 12:15 p. m. Nov. 14, Hotel Martinique. Mr. Dawson's talk will not be technical but a general description of where pension trusts fit and why.

KNIGHT AGENCY AHEAD

The Charles B. Knight agency of the Union Central Life in New York City paid for \$2,103,196 in October as against \$2,090,239 for October, 1938. For the year to date the total is \$18,309,308 as against \$14,338,825.

Stresses Value of Organizations

The value of organizations was stressed by Carroll C. Day, Oklahoma City general agent Pacific Mutual Life, before the annual meeting of the Oklahoma Association of Insurance Agents. He said that life insurance companies were slow to organize for an institutional advertising campaign which was first suggested 25 years ago. When the Temporary National Economic Committee's investigation was started, the Institute of Life Insurance was formed hurriedly "to try to do with a lot of money what we could have done before with very little money."

The government never has in history entered any business until that business has become so reckless and unconcerned about the consumer that it ignored his rights, Mr. Day pointed out. The best way to gain the public's support is to merit its faith in the business.

fecting policyholders' rights were discussed by H. L. Harvey, district agent Equitable of Iowa and regional vice-president of the Michigan association.

Des Moines—A. L. Dern, vice-president and director of agencies Lincoln National Life, spoke on "S. O. S." It signified "Same Old Stuff" but turned out to contain many ideas for the agents.

George Pflanz, Jr., Union Central, has been elected vice-president, to succeed Clarence Cooper, who has been transferred to the home office of Penn Mutual. H. M. Wolk, Penn Mutual, was elected to succeed Mr. Pflanz on the board.

Seattle—Wood Netherland, St. Louis banker, spoke on "Banking and Life Insurance."

Buffalo—George E. Lackey, general agent Massachusetts Mutual Life, Detroit, will speak Nov. 17 on "Life Insurance Dollars vs. Court House Dollars."

Pittsburgh—D. Gordon Hunter, vice-president and agency manager of Phoenix Mutual Life, spoke Thursday on "What Is Ahead?"

Portland, Ore.—Harold P. Drake, Equitable Society, spoke on "Managing Myself."

Illinois—Frederick A. Schnell, Penn Mutual Life, Peoria, will head the committee to investigate the advisability of employing an executive secretary, in-

stead of F. P. Beiriger, Connecticut Mutual, Rockford.

Sheboygan, Wis.—The association sponsored the showing of the movie, "Yours Truly, Ed. Graham," at meetings of the Rotary, Lions, Optimists, Kiwanis and Shrine clubs, and the North Side High School.

INDUSTRIAL

Palmetto State Managers Meet

Life insurance salesmen, more so than those of any other profession, should have confidence in their work in that they are offering peace of mind and security of soul to their fellowman, Dr. J. C. Kinard, president of Newberry College, said in an address at the annual meeting of managers, assistant managers and officials of the Palmetto State Life in Columbia, S. C. They had gathered for their fifteenth annual meeting.

W. E. Atkinson, Orangeburg, statistician and a director, presided at the luncheon and awarded the Rock Hill district, which has won this honor for three successive years, permanent pos-

session of the trophy for the most business in the fiscal year ended Sept. 30. H. H. Pinegar, manager, received the award. Anniversary cups given for most business in September, the month in which the company was founded in 1924, went to the Florence and Horry offices.

Cunningham Augusta Manager

John J. Cunningham, field training supervisor of the Metropolitan Life in Boston and Massachusetts for three years, has been appointed manager in Augusta, Me. He is a graduate of Northeastern University law school and started with the company in Uxbridge, Mass., 17 years ago. Later he was assistant manager at Taunton, Mass., field training supervisor in Connecticut and acting manager at Attleboro, Mass. He has had supervision of field training over 38 Massachusetts offices, as well as supervision of the agency school, assistant managers' and managers' training courses in Boston.

Thirty-five agents of the Metropolitan Life in the Wausau, Wis., district attended a staff meeting arranged by M. H. Lewis, manager. Everett Smith,

AS SEEN FROM CHICAGO

GREAT-WEST HOLDS DINNER-DANCE

A dinner dance was held by the Great-West Life agency in Chicago managed by Earl M. Schwemm, celebrating the feat of that agency in winning first place among Group A agencies in an "agents month" contest. Mr. Schwemm's agency at the end of October led all Great-West branches in new paid for business. Head office visitors attending the party were H. W. Manning, general manager; H. A. H. Baker, assistant general manager; E. J. Moorhead of the actuarial department, and D. R. Ferguson, supervisor of field service, all of whom were in Chicago attending the Life Agency Officers-Sales Research Bureau meeting.

ARRANGE FOR EQUITABLE BUILDING

Before the Equitable Society's Chicago offices go to 29 South LaSalle street, there will be remodeling done at a cost of about \$1,000,000. This will be complete renovation. It was formerly the National Life building owned by the National Life, U. S. A. The Hercules Life took it over after assuming

the business of the National Life, U. S. A., then the Washington National took over the Hercules. The Equitable has nine agencies in Chicago, which will be housed in the building as well as the mortgage loan and real estate department.

TO HEAR RALPH KASTNER

The public relations aspect of claim adjusting will be discussed by Ralph H. Kastner, associate counsel American Life Convention, Chicago, at a meeting of the Chicago Claim Association, Nov. 15. It will be held at 6 p. m. in the Sportsmen's Grill in the London Guarantee building, 360 North Michigan boulevard.

START COMMUNITY FUND DRIVE

Life men who have a part in the annual Chicago Community Fund drive got under way this week when they met under the auspices of the Chicago Association of Life Underwriters with Wade Fetzer, Jr., vice-president W. A. Alexander & Co., chairman insurance

division, and C. H. Ford, Prudential, chairman life insurance group.

Mr. Ford has named the following co-chairmen: Ordinary, F. J. Wood, general agent Lincoln National Life; industrial, E. P. Lomasney, manager north side office, Metropolitan; home offices, E. B. Thurman, general agent New England Mutual; and fraternal, B. C. Howes, general agent Berkshire.

LIFE INSURANCE AND GIFT TAX

The "Estate and Tax News" states that the controversy relative to the proper method of valuing life insurance for gift tax purposes continues. It says: "In the latest case the facts were as follows: During the year 1935 a taxpayer made absolute assignments to his daughter of ten ordinary life insurance policies upon which additional premiums were payable. The commissioner, in accordance with his regulations as amended in 1936, valued the policies by adding to the terminal reserve, adjusted to the date of the gift, a prorata part of the last gross premium paid. The taxpayer contended that the value of the policies did not exceed the cash surrender value. (The cash value of a policy is never greater than its 'terminal reserve.') On the authority of its prior decisions relating to single premium policies the tax

Succeeds Holgar



ERIC G. JOHNSON

Eric G. Johnson, associate general agent of the Penn Mutual Life at Pittsburgh, became general agent in succession to his brother, Holgar J. Johnson, who has been elected president of the Institute of Life Insurance.

board overruled the commissioner (the regulations, as amended in 1936, provide that in the case of a policy upon which further premium payments are yet to be made, the value may be approximated "by adding to the interpolated terminal reserve at the date of the gift the proportionate part of the gross premium last paid before the date of the gift which covers the period extending beyond that date") and agreed with the taxpayer. (Louis Florsheim, Memo B.T.A. Docket 91362, Sept. 11, 1939.)

"There has been one circuit court decision on this point (Haines, 104 F. (2nd) 854.) However, the court only considered the validity of the regulations as applied retroactively, and did not discuss the reasonableness of the regulations as applied to transfers in 1936 and later years.

"Until the matter is clarified by further court decisions (Cronin, 37 B.T.A. 914, is pending on appeal to C.C.A. (8); An Illinois district court, in Ryerson v. U. S., has sustained the commissioner) the commissioner will doubtless continue to assess tax on the higher values computed in accordance with the regulations, and taxpayers will be faced with the necessity of contesting the commissioners' interpretation or paying the higher tax. Taxpayers may protect their rights by filing refund claims within the time allowed, whether or not they expect to litigate."

KLEIN WINS PLAQUE AGAIN

For the third consecutive quarter, A. R. Klein, Chicago general agent, won the Home Life's new organization plaque awarded every quarter.

Dalzell in Home Office Post

The John Hancock Mutual Life has appointed A. H. Dalzell, for 15 years in its Boston agency, to the home office agency staff in charge of the newly established department of field service. He is a C.L.U.

H. C. Portwood of Davenport, district supervisor for the F. W. Darling Agency of Cedar Rapids, is eighth among the more than 1,000 Bankers Life of Iowa salesmen, in new life insurance sales for the first ten months.

The P. G. Teeple agency of Northwestern Mutual Life at Marquette, Mich., held its fall agency meeting Nov. 4. In addition to Mr. Teeple and leading producers of his agency, L. J. Evans, assistant director of agencies, spoke.

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LEGAL RESERVE FRATERALS

Mrs. Chamberlain Elected Pennsylvania Congress Head

PITTSBURGH—In the amended social security act the federal government has established a government insurance system of great magnitude, H. W. Teamer, secretary-manager Insurance Federation of Pennsylvania, told the Pennsylvania Fraternal Congress at the annual meeting here.

The act certainly will make people more insurance conscious, he said. It will open many opportunities for introduction of plans for supplementing by insurance the income to be derived from the federal plan to provide adequate, sure protection.

New officers elected were: President, Mrs. H. Orma Chamberlain, Ridgeway, Royal Neighbors; first vice-president, John Masich, Homestead, Greek Catholic Union; second vice-president, Miss Louise Patrick, Philadelphia, Woodmen Circle; and secretary-treasurer, H. Bruce Meixel, Philadelphia.

Commissioner Taggart was unable to attend. R. F. Mahaney, Harrisburg, retiring president, state manager Woodmen of the World, spoke in his behalf. Other speakers included Miss Frances D. Partridge, president National Fraternal Congress and secretary Woman's Benefit, Port Huron, Mich.; Mrs. H. Orma Chamberlain, state supervisor Royal Neighbors; Mrs. Grace W. McCurdy, president Royal Neighbors; F. B. Mallett, field manager Protected

Home Circle; J. B. Sekerak, president Greek Catholic Union of Russian Brotherhoods, and Miss Louise Patrick, state manager Woodmen Circle.

Distribute N. F. C. Proceedings

The printed proceedings of the National Fraternal Congress annual convention held at Detroit in August are being distributed this week by Foster F. Farrell, secretary-treasurer and manager. There are being sent along also copies of proceedings of the president's section and report of the committee on general welfare.

Big Junior Membership Increase

Modern Woodmen set an all-time monthly record for new junior business in October with 3,022 new certificates for \$2,846,500 insurance. This exceeded the September record of 2,519 certificates for \$2,416,500, which had been the greatest month for junior business in the society's history. Oct. 20 was set as "National Junior Day" by President O. E. Aleshire, and on that day 1,300 junior applications were received at the head office. An all-time record for junior issues in a single day was established Oct. 25, with 320 certificates mailed from the head office. The large production came in a special junior campaign started Sept. 1. The two months effort netted 5,541 new juniors, representing \$5,262,500 of insurance.



Groups at Research Bureau-Agency Officers rally. Top—A. W. Tompkins, superintendent of agents, and G. J. Mecherle, chairman State Farm Life.

Bottom—W. V. Woollen, superintendent of agents Capitol Life; A. G. Borden, second vice-president Equitable Society; S. R. Keare, vice-president, and I. M. Hamilton, chairman Federal Life.

THE PRAETORIANS

National Headquarters—Praetorian Building

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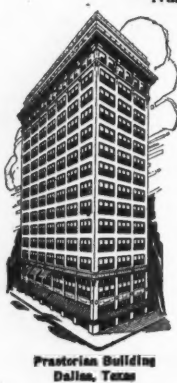
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L. D. LININGER, Supreme Secretary

SHARON, PA.

C. L. U.

New Hampshire Offers Course

The New Hampshire Association of Life Underwriters is sponsoring a course preparatory to the C. L. U. examinations and will hold classes for 30 weeks in Dover, N. H., with Prof. Irving Hobby of the University of New Hampshire as instructor.

Cooperative Instruction Plan

A C. L. U. study group of 15 members, sponsored by the San Antonio (Tex.) Association of Life Underwriters, is employing a cooperative plan for instruction. Each member of the group takes the direction of the study hour on a date assigned.

John R. Siekkinen, secretary Youngstown Association of Life Underwriters, is instructor for the C. L. U. course there which started Nov. 6.

Nineteen have enrolled at Toledo, O., for advanced C. L. U. courses. Classes are being held at DeSales College Monday afternoons under direction of P. A. Bennett.

Would Prohibit Extra Work Fees

AUSTIN, TEX.—Abandonment of the policy of permitting employees of the Texas insurance board to retain fees for doing extra work, such as copy work, was recommended by State Auditor T. King in an audit of the department.

Boston Trust Council to Meet

The Boston Life Insurance & Trust Council will discuss "Applying Insur-

ance to Life Situations" at its meeting Nov. 14. Speakers will be J. R. Copeland, Provident Mutual; W. T. Craig, Aetna Life, and H. A. Smith, Connecticut Mutual Life.

The A. O. U. W. of North Dakota

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Port Huron, Michigan

Sales Ideas and Suggestions

Agents Need to Know Facts About Social Security Act

Contact with life insurance men in general reveals an astonishing ignorance of the new social security benefits. It is true that many agents, and some companies, are capitalizing on the social security act for the production of new business. In some cases the ignorance and indifference are almost incredible.

There was a disposition to fear the competition of the government, but now that the act is in force it is found to be, when properly used, even more beneficial to life insurance than the war risk plan of 20 years ago. Those who went through the world war recall that it was feared the vast expense of the government plan would hurt private insurance, when in fact it turned out to be the greatest stimulant that private life insurance ever received.

Will Bring In Prospects

Social security will bring in far more prospects for private life insurance than it will take out of the market. An immense number of borderline prospects were unable to provide adequate incomes for their dependents, and therefore contented themselves with \$1,000 or \$2,000 for a clean-up fund. With the start given by social security, vast numbers of these borderline cases will now be encouraged to make adequate provision for wives and children.

An example of how social security will work when properly used is found at Lexington, Ky. An agent had a prospect there earning \$300 a month. The prospect considered that \$150 a month would be needed to take care of his wife and three children. He already carried enough life insurance to provide \$42 per month. He authorized the agent to prepare a program to bring the insurance up to \$150 a month, but when he found the amount of insurance required for the additional \$108 a month he simply threw up his hands. He rested on the insurance he already had.

When the new social security terms came out, the agent found that the benefits available to the wife and children in this case were \$70 a month. He showed the prospect that the existing insurance, plus social security, would now yield \$112 per month, and the only thing remaining to be supplied was the insurance to provide \$38 a month additional. The prospect promptly bought.

This case is hardly typical, because not a great many prospects will pay for enough life insurance to bring the total benefits up to half the prospect's earnings. Yet the principle of using social security as a foundation on which to build life insurance is perfectly illustrated.

Programming on the foundation of social security opens up an enormous field of prospects, and may change somewhat the type of insurance sold. In great numbers of steady, thrifty families there is an ambition for something better than mere social security will provide. Programming on an income basis, without social security, would have been impossible because of limited means. With the start given by social security, and policies adapted to the purpose, provisions can be made to carry the children to the earning age, and the widow as long as she lives, without undue strain on the family budget.

May Be New Type of Agent

Not only a new policy but a new type of agent may come to the front under the new condition. Most agents have been trained and urged to seek the moneyed class. There will be a great field, under social security, for agents who can "talk the language" of a class a little below what have heretofore been considered the most desirable prospects. The stimulation in the \$3,000 a year class will be even greater than in the lower income group. Very few men on \$3,000 a year can make adequate provision for wife and children. With the aid of social security, and the use of policies that will provide income up to the earning ages of the children, a very snug provision can be made, on an outlay that a \$3,000 a year man can stand. In fact, salaries have to be pretty large before the social security income becomes insignificant. In every case social security provides a foundation on which to build.

Education of agents on the use of social security in selling life insurance becomes necessary. Much work of this sort must be done. One would think that life men, so closely affected, would have kept informed of the changes in the social security law. Great numbers of agents are only dimly aware that there has been some change, and relatively few of them actually know what the present law provides.

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Minneapolis Millionaires Offer Sales Suggestions

MINNEAPOLIS—Paul H. Dunnavan, Canada Life, and Paul Dobson, Northwestern National Life, members of the Million Dollar Round Table, both of Minneapolis, gave some interesting success hints to their fellow underwriters.

Fifty suggestions for getting favorable interviews were listed by Mr. Dunnavan. In his 13 years in the business Mr. Dunnavan has achieved a notable success as a consistent large producer. Here are a few of the points he emphasized in his talk:

It is important to make proper contacts and a large number of them. Imagination, individuality, incessant activity and "intestinal fortitude" are attributes of a good life insurance salesman.

"Take your own medicine, be adequately insured," he advised, mentioning

that a survey among a group of large producers had revealed some of them tragically underinsured.

Mr. Dunnavan warned against being impatient for immediate results. "Don't barge in on your prospect without knowing all the facts about his case," he said. "Long delayed sales often are the best ones."

He stressed the value of a good reputation in the community and urged his listeners to take part in civic activities. "Never has there been a time when technical knowledge of the business and versatility were so important to success," Mr. Dunnavan said.

Establishing, Fixing Problem

"Establishing and Fixing the Problem," was Mr. Dobson's subject.

"Uncover your prospect's particular problem and then get him curious, excited over it," he advised. "Don't try to tell your prospect what his problem is. The direct attack is dangerous. Time spent in finding out all about your prospect is time well spent. Make your interview stimulating. Maneuver him into a position where he starts asking you questions about his problem. That puts him on the defensive instead of you being on the defensive."

Regarding the interview Mr. Dobson offered these suggestions:

"The approach must be interesting. You must know exactly what you are going to say. Be striking, original in your conversation. Be alert to create a sales situation. Inject enough skillful questions to get your prospect aroused."

"Find out what his family responsibilities are. How much protection has he provided for those responsibilities?"

Interesting Facts as to Cases in Probate Court

The Equitable Society calls attention to a recent report of the Federal Trade Commission which reviewed probate court records over a 12-year period in 24 scattered counties. Every effort, it says, was made to obtain representative figures. The following results will be interesting:

Out of every 100 estates:

31 were not worth probating.

11 were worth less than \$500.

9 were worth from \$500 to \$1,000.

19 were worth from \$1,000 to \$5,000.

13 were worth from \$5,000 to \$10,000.

13 were worth from \$10,000 to \$25,000.

4 were worth more than \$25,000.

Send \$1 to National Underwriter for Social Security Slide Rule.

SAY IT IN PLAIN WORDS

NEW YORK—"Unless you can explain something so simply that a 10-year-old boy can understand it, you don't understand it yourself," said R. G. Engelsman, general agent Penn Mutual Life, New York City, in the New York City Life Underwriters Association's lecture course.

Mr. Engelsman emphasized and re-emphasized the dangers of getting anything complex into one's sales talk. Simplicity, he said, makes for understanding and understanding on the part of the prospect makes for sales.

"People believe the things they understand, but are suspicious of what is confusing," he said. "It is not easy to be simple. Men are mentally lazy. They seldom think before speaking."

After giving his well known minimum income sales talk, in which he set forth a simple sales story in lucid terms, Mr. Engelsman said in regard to the plan he uses:

"Is it really as simple as all that? Yes, if you are careful to see that you make it as simple as all that—and then tell that simple story to enough prospects."



Views from Research Bureau-Agency Officers meeting. Left to right—B. N. Woodson, newly appointed director of service and L. S. Morrison, newly appointed director of research of Research Bureau; F. J. Budinger, Chicago general agent Franklin Life; J. A. Budinger, vice-president, and E. E. Chappell, agency supervisor Kansas City Life.

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Commissioners Card for Winter Meeting

(CONTINUED FROM PAGE 1)

president National Association of Insurance Agents.

Address, "Insurance Advisors," J. B. Gontum, Maryland.

2 p. m.—Meeting committee on examinations.

7:30 p. m.—Banquet, entertainment and dancing.

Friday, Dec. 8

Address, "The Problems of the Life Underwriter in the Field," C. J. Zimmerman, Chicago, president National Association of Life Underwriters.

Report of executive committee.

General discussion of matters appropriate.

2 p. m.—Meeting committee on valuation.

6 p. m.—Old-fashioned barbecue—fish fry and shrimp boil. Weather permitting, this will be held out of doors, otherwise in hotel.

8:30 p. m.—Dancing.

Saturday, Dec. 9

Committee reports and discussion.

Entertainment

Golfing on the sporty Edgewater Gulf links at any time, no greens fee. Fishing—either salt or fresh water fishing can be enjoyed at any time. Those desiring to fish should contact the fishing committee so that boats can be arranged for. No tackle will be furnished, so bring your own along.

Thursday, 10:30 a. m., buses will be waiting to carry the ladies and any of the other guests desiring to go to the famous Bellingrath Gardens at Mobile. The desk should be notified immediately by all parties desiring to make the trip to the end that ample transportation facilities can be arranged in advance.

Friday, Dec. 8, 10 a. m.—Sightseeing tour of the coast and its historic and beauty spots arranged for the ladies. This tour will include luncheon at the attractive and widely known "Inn-by-the-Sea."

WEATHER AT THE CONVENTION

EDGEWATER PARK, MISS.—The Edgewater Gulf Hotel here, at which the National Association of Insurance Commissioners will meet, states that the weather in December will be very much like early spring in the northern states. There will probably be no requirement for top coats for the men or heavy wraps for the women. The average temperature here runs about 60 degrees in December. The weather will be mild enough for golf, tennis, horseback riding and other outdoor sports. There is a pool at the hotel and its temperature is 72 degrees.

N. Y. TRANSPORTATION PLANS

NEW YORK—Representatives of the New York insurance department attending the convention of the National Association of Insurance Commissioners at Edgewater Park, Miss., will leave from the Pennsylvania Station at 2:25 p. m., Dec. 5, arriving at Edgewater Park at 7:30 p. m., Dec. 6, it was announced by Deputy Superintendent Edward McLoughlin. Reservations may be made through G. M. Lawrence, general eastern passenger agent of the Southern Railway, or John R. Ford of his office, 500 Fifth avenue, New York City.

Suits Recovering Counsellors' Fees

(CONTINUED FROM PAGE 1)

testimony of the witness, Maurice Brandt, defendant's actuary, upon the question of value, is negligible.

"The information and so-called advice given by defendant, had it been honestly and frankly expressed with regard both to the reduction of premium by conversion to a cheaper form of insurance and the acceptance of the cash surrender value of the policies held by the plaintiff was of



Informal poses at Research Bureau-Agency Officers gathering. Top—John H. Evans, vice-president, and A. E. McKeough, Chicago general agent Ohio National; J. L. Briggs, assistant secretary, and Joe Woodward, vice-president Southland Life. Bottom—W. J. Bradley, publicity manager Home Life of Philadelphia; A. H. Hiatt, assistant superintendent of agents Aetna; Henry Bossert, manager agency research department Provident Mutual.

no value. Such information and advice referred exclusively to rights which plaintiff was entitled to exercise at any time during the life of the policies. The information became attractive, as the evidence clearly shows, because of the alleged overcharge wrongfully made to plaintiff for the form of insurance held by him. There is no suggestion in this record that plaintiff desired to exercise the rights, which the evidence indicates he knew his policies contained.

Not "At Arm's Length"

"These parties were not dealing at arm's length and while the transaction between them may not amount to actual fraud, it is clear defendant has utterly failed to perform his agreement with plaintiff, and substantial justice demands that he return the sum of \$29.10 sued for in this action. Judgment accordingly is rendered for plaintiff in the sum of \$29.10."

In another case in the small claims court, this time against Morris Siegel, the referee, P. J. Sinnott, made several interesting comments during the proceedings. Expressing doubt as to the value of the advice given by the Siegel organization in the case before him, Referee Sinnott said:

Advice Lacked "Meat"

"Well, I don't see much meat to it—giving him advice to do something that he knew all about. If he has taken out endowment policies and straight life policies, he must have known the difference between a straight life and an endowment policy and the lesser charge for straight life."

"Judge, there is no such presumption in the law," Mr. Siegel's counsel interposed.

"There is no such presumption in the law, but there is a presumption that you people are giving him advice to do what

he knew all about already. The premium rate was less for straight life than it was for endowment. What else did you give him? What other advice did you give him other than that?"

"We gave him" the defense counsel began.

"Telling him the obvious."

Decision Against Siegel

In spite of the defense counsel's attempt to show that the advice given was of value to the plaintiff, the court decided against the Siegel concern.

An encouraging angle of the insurance counsellor situation is evidence that cases of policyholders being misled can be greatly reduced if the insured can be informed as to the counsellor's typical basis of operation. Evidence of this is seen in the fact that among the cases shortly to be brought to trial less than a fraction of 1 percent involve Jewish policyholders, most being of Irish, Polish or Italian birth or descent. The reason for this is believed to be that two of the leading Jewish daily papers carry insurance columns explaining to their readers all about the counsellors and their methods. Dailies published for the other three nationality groups do not carry such information.

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Each of the last five years has shown an increase in paid-for production over the previous year.

Consistent progress indicates a growing organization.

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Karl B. Korrady, Vice President and Director of Agencies, Monmouth, Illinois.

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COUNTRY LIFE INSURANCE CO.

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Home Office: 608 South Dearborn St.
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Reversing the Trend

In a period when the national average for size of new ordinary policies sold has declined, Atlantic representatives have increased their average over \$300.

This indicates the effectiveness of intelligent use of Atlantic Guides to Better Selling, a simple but comprehensive selling plan.

If you can qualify and are interested in a general agency in Maryland, West Virginia, North Carolina, Tennessee or Alabama, write to Robt. V. Hatcher, Superintendent of Agencies.

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S. F. Clabaugh, President
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Protective Life Agents Win The Rewards of Quality

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"A quality Company with quality agents writing quality business on quality people."

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BIRMINGHAM, ALABAMA

LIFE VIEWS IN THE NEWS

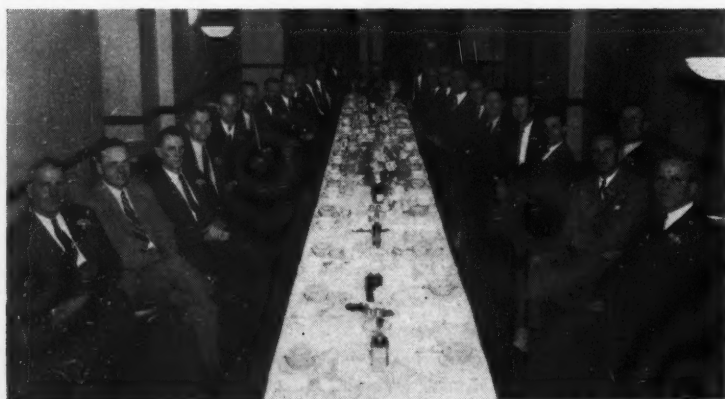


Among the leaders at the Illinois Association of Life Underwriters' annual meeting in Peoria were (top left) F. A. Schnell, Penn Mutual, president Peoria association; B. J. Stumm, Northwestern Mutual Life, Aurora, president Illinois association; W. B. Buckley, Metropolitan Life, Elgin, secretary state association; Lester O. Schriver, Aetna Life, Peoria, past president National association.

(Seated) Harry T. Wright, Equitable Society, Chicago, vice-president National association; Karl E. Madden, Penn Mutual Life, Davenport, national trustee, and Roger B. Hull, managing director National association.



Sweepstakes trophies were awarded at the Detroit annual meeting of the Life Advertisers Association to the winning companies in the three classifications according to size. Mrs. May O. Vander Pyl (left), secretary Advertising Federation of America, an exhibit judge, is holding one of the three plaques which were presented to Ed Morton, North American Life of Canada; J. A. Young, Monarch Life; and to Seneca Gamble, Massachusetts Mutual Life.



R. O. Browning, general agent Pilot Life at Burlington, N. C., held a dinner for home office officials and department heads. Mr. Browning, who in his 22 years with the Pilot has earned every agency honor offered by it, is the first man on the right hand row. Emory C. Green, president, is seated next to Mr. Browning.



Glimpses at Research Bureau-Agency Officers meeting in Chicago. Top—members of bureau staff at registration desk: B. N. Woodson, stern view; L. W. S. Chapman; J. E. Scholefield; Miss E. C. Stevens.

Second row—R. B. Coolidge, superintendent of agents Aetna; C. J. Zimmerman, Chicago, president National Association of Life Underwriters; H. H. Steiner, secretary Connecticut Mutual.

Third row—John W. Murphy, supervisor ordinary agencies Life of Virginia; M. A. White, agency manager Jefferson Standard; Sam R. Hay, superintendent of agencies Protective Life; Karl Ljung, assistant secretary Jefferson Standard.

Bottom—T. F. Bourke, vice-president Volunteer State; Ross Moyer and H. W. Dingman, vice-presidents Continental Assurance.